

FINANCIAL REVIEW:

**NASHVILLE FAIRGROUNDS
SPEEDWAY RENOVATION**





May 25, 2022

Mr. Mark Sturtevant
Director of Infrastructure
Mayor's Office
Metropolitan Government of Nashville and Davidson County
1 Public Square, Suite 100
Nashville, TN 37201

Dear Mark:

Conventions, Sports & Leisure International ("CSL") is pleased to present this independent assessment of a potential financing for capital improvements to the Nashville Fairgrounds Speedway ("Fairgrounds Speedway").

This letter summarizes our due diligence findings and is intended to assist the Metropolitan Government of Nashville and Davidson County ("Metro") and the Board of Fair Commissioners ("Fair Board") with their decisions regarding potential financing of capital improvements for the Fairgrounds Speedway.

The remainder of this report is divided into the following sections:

- Fairgrounds History (pp. 2-3);
- Speedway Renovation Plans (pp. 4-5);
- Term of Public-Private Partnership (pp. 6-7);
- Estimated Project Costs (pp. 8-12);
- Overview of Project Revenues (pp 12-15);
- Evaluation of Fluctuating Revenue Projections (pp 15-35);
- Comparison of Project Costs and Revenues (pp 37-40);
- Risk Factors (pp 40-41);
- Limiting Conditions (pp. 41-42); and
- Consultant Background/Qualifications (pp 42-43).

FAIRGROUNDS HISTORY

Located approximately two miles southeast of downtown, the Nashville Fairgrounds ("Fairgrounds") is a 118-acre entertainment complex that has served middle Tennessee for over 130 years and was home to the Tennessee State Fair ("Fair") until 2019. Both the Fairgrounds and the Fair were originally owned by the State of Tennessee ("State"), but Davidson County (now "Metro") purchased the Fairgrounds in 1910 and took control of the Fair in 1923 and created The Metropolitan Board of Fair Commissioners to operate it.

The Fairgrounds originally served as a horse racing track. Over the years, the Fairgrounds grew to 16 buildings including a 15,000-seat speedway, 110,000 square feet of exhibit space in seven event halls, six barns, two indoor arenas, and meeting rooms. Historically, the Fairgrounds has hosted several hundred events each year that have included the Fair, Nashville Flea Market, consumer shows, auto racing, concerts, entertainment events, meetings, banquets and other events.

However, as the Fairgrounds facilities aged many events were lost to other venues and attendance decreased at remaining events. In 2009, after completing an evaluation of the future viability of the Fairgrounds, a previous Metro administration announced that Metro would stop operating the Fair and close the Fairgrounds by the summer of 2010, citing the desire to discontinue subsidizing Fair operations after nearly depleting reserve funds and also citing costs in excess of \$30 million to relocate the Fair to another site. The previous Metro administration sought to redevelop the Fairgrounds into a corporate office park.

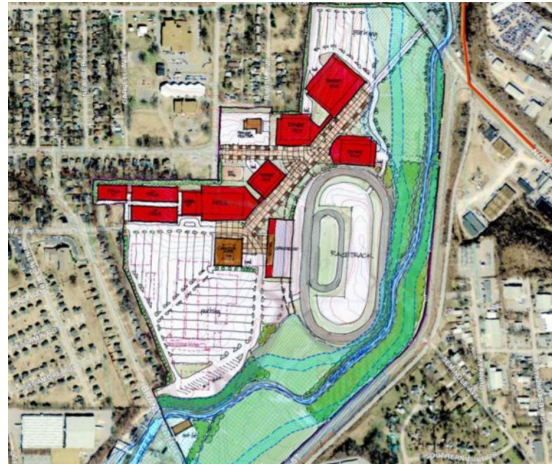
In a 2011 public referendum, approximately 71 percent of Nashville citizens voted to amend the Metropolitan Charter to protect future uses of the Fairgrounds. Specific language from the Metropolitan Charter amendment states "All activities being conducted on the premises of the Tennessee State Fairgrounds as of December 31, 2010, including, but not limited to, the Tennessee State Fair, Expo Center Events, Flea Markets, and Auto Racing, shall be continued on the same site. No demolition of the premises shall be allowed to occur without approval by ordinance receiving 27 votes by the Metropolitan Council or amendment to the Metropolitan Charter."



In 2013, a Master Plan was completed for the Fairgrounds to provide Metro Council and the Fair Board with an economic analysis on alternative futures for the Fairgrounds property. The Master Plan evaluated best practices for facilities and events for high-performing fairgrounds in similar markets, the future Fairgrounds potential in “as-is” condition with no major investment, the cost-benefit of making major capital improvements to the Fairgrounds (scenarios that included and excluded retaining the Speedway) and the cost-benefit of moving the Fairgrounds to a new greenfield site and redevelopment of the current Fairgrounds site into a mixed-use development.

In 2017, Nashville was awarded an expansion team for Major League Soccer (“MLS”) and the Fairgrounds was identified as the proposed site for a 30,000-seat stadium. In 2018, the Fair Board voted unanimously to adopt a new Fairgrounds site plan that included a new soccer stadium. The new plan included over \$600 million in private and public investment in the Fairgrounds. Investments that have occurred to date include the development of a new 131,000 square foot Exposition Center, 23 acres of multi-use green space with a dog park, an improved Brown’s Creek watershed, and the \$336 million soon-to-be-completed MLS soccer stadium. Future planned Fairground improvements include connectivity to surrounding neighborhoods through new accessible streets, sidewalks, bicycle lanes and civic plazas, a potential renovation of the Fairgrounds Speedway (as described later herein) and a minimum of \$100 million in private investment in mixed-use development that could include restaurants, retail shops, neighborhood services, entertainment venues, mixed-income residences and office space.

In 2021, the State Fair relocated to Lebanon to be held in conjunction with the Wilson County Fair.



SPEEDWAY RENOVATION PLANS

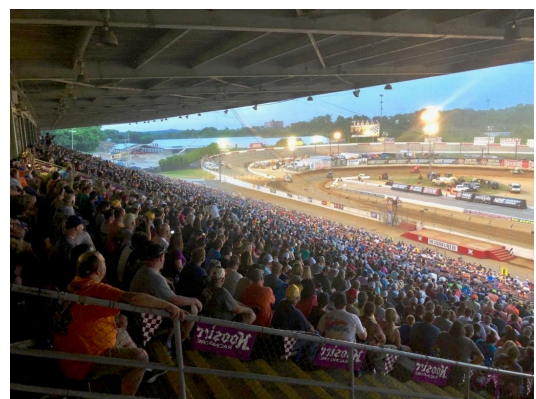
Opened in 1904, the 117-year-old Fairgrounds Speedway is the second oldest operating track in the United States. The Fairgrounds Speedway is an 18-degree banked paved oval that is 0.596 miles long and seats approximately 15,000.

Through the years, the Fairgrounds Speedway has hosted a variety of races including but not limited to NASCAR Cup series (1958 to 1984), NASCAR Xfinity series (1984-2000), NASCAR Truck series, All American 400, ARCA Menards Series, Camping World SRX Series, CRA Super Series, World of Outlaws and other racing series.

The existing conditions of the Fairgrounds Speedway restrict its ability to attract and retain races and related events due to physical deficiencies including driver safety, fan comfort, revenue generating amenities, noise impacts on adjacent neighborhood and challenges with speedway promoter stability.

As the second oldest operating speedway in the United States, the Fairgrounds Speedway is in clear need of revitalization to be best positioned to meet the Metro Charter requirement to continue to host racing at the Fairgrounds as well as be more compatible with the Fairgrounds master plan improvements that include a new soccer stadium, a new expo center, green spaces and future mixed-use development.

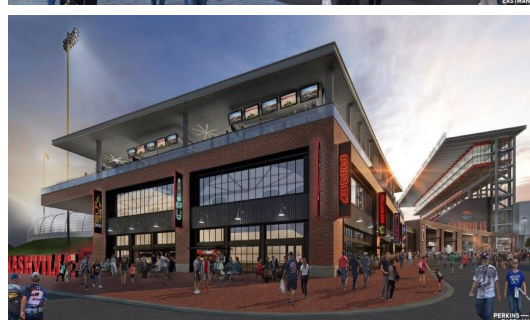
In March 2021, Metro and Bristol Motor Speedway (“BMS”) signed a letter of intent to revitalize the Fairgrounds Speedway and bring NASCAR Cup Series racing to Nashville. According the Mayor’s Office, the public-private partnership is intended to create an economically viable future for the historical track, modernize the track to meet NASCAR series standards, complete the last unrenovated portions of the Fairgrounds, implement noise mitigation for surrounding neighborhoods, reduce track testing days and generate economic activity while protecting the Metro General Fund.



The vision of Metro and BMS is to preserve and modernize the Fairgrounds Speedway and create a multipurpose venue that is financially sustainable in a manner that honors its history, the Fairgrounds master plan, the Metro Charter and the neighborhood.

Improvements to ensure the long-term viability and continued operations of the Fairgrounds Speedway include but are not limited to:

- Installing 20-foot, state-of-the-art sound mitigation walls, constructing new buildings, mandating muffler use for non NASCAR racing events and reducing track practice rentals to 20 days per year are expected to result in a 50 percent reduction of the sound impacts on the adjacent neighborhood.
- Rebuilding the grandstand to increase the seating capacity from 15,000 seats to more than 30,000 seats (after expansion, the Nashville Speedway will be the smallest capacity track on the NASCAR circuit, creating a unique and intimate fan experience).
- Installing a new videoboard and other fan-enhancing technology improvements.
- Improving the track infield to allow for more community uses.
- Enhancing driver and spectator safety.
- New premium and hospitality areas;
- Building new storage facilities;
- Building new maintenance and operations facilities;
- Enhancing the overall speedway aesthetics and appearance; and,
- Other improvements.



The architectural renderings shown on this page depict various planned improvements associated with a renovated Fairgrounds Speedway.

TERMS OF PUBLIC-PRIVATE PARTNERSHIP

Metro and BMS envision that the revitalized Fairgrounds Speedway would be funded and operated through a public-private partnership between Metro and BMS, in which BMS would lease the Fairgrounds Speedway from Metro. Key highlights from the lease agreement include but are not limited to:

- BMS would lease the Fairgrounds Speedway from Metro for a term of 30 years.
- BMS would have sole control of Fairground Speedway operations including:
 - Operating and maintaining the speedway;
 - Attracting speedway events;
 - Marketing speedway events;
 - Securing advertising, sponsorship and naming rights agreements; and,
 - Negotiating and contracting for use of speedway and surrounding areas by third-party uses.
- BMS would pay rent in the amount of \$850,000 in year one, increasing one percent per year thereafter throughout the term of the agreement.
- BMS would designate four weeks each year as “Significant Event Weeks” and will have access to all Fairgrounds property (including Expo Center and Fair Board managed parking areas but excluding the MLS stadium and any commercial development) and will retain all revenues (except sales and ticket taxes) and be responsible for all expenses during these four weeks.
- BMS would pay Metro five percent of Speedway gross revenues for all “Other Weeks” other than the four Significant Event Weeks.
- BMS would contract for food and beverage service and remit 15 percent of BMS’s share to Metro for Other Weeks and will retain 100 percent of food and beverage sales during Significant Event Weeks.
- BMS would pay Metro annually the first \$600,000 in speedway sponsorship revenues (excluding event-specific sponsorships). In addition, BMS would pay Metro ten percent of facility sponsorship revenues generated in excess of \$600,000 per year.

- The Nashville Convention & Visitors Corporation (“CVC”) would contract with BMS for certain advertising and promotional rights related to Fairgrounds Speedway events and the right to use the Fairgrounds Speedway for up to 20 days each year for the CVC’s tourism promotion needs (the “CVC Contract”).
- Motorsports events at the Speedway will be limited to no more than ten weekends unless the Fair Board approves more weekends for motorsports events, and the number of practice days for racing will not exceed 20 weekdays.
- BMS would be financially responsible for all Speedway operating expenses throughout the lease term, other than utilities expenses, which would be shared proportionately between the parties, based on use.
- Metro would be financially responsible for all capital repairs and improvements to the Speedway throughout the lease term.

The cornerstone of the Fairgrounds Speedway financing plan is a commitment by the Mayor’s office that project revenues, rather than Metro General Funds, pay for the preservation, modernization and capital maintenance of the Fairgrounds Speedway. Metro has asked CSL to prepare this report to compare the projected costs of renovating and maintaining the Fairgrounds Speedway to the revenue streams projected to be available to fund those costs, in light of the envisioned public-private partnership between Metro and BMS.

ESTIMATED PROJECT COSTS

Project costs consist of three components, each of which are described in more detail below:

- Debt service incurred to finance the construction of renovations to the Fairgrounds Speedway;
- Costs required to keep the Fairgrounds operations financially whole for revenue forgone during the four-weeks in which BMS can contractually takeover the entire Fairgrounds for major events as well as forgone speedway operating income by turning Fairgrounds Speedway operations over to BMS; and,
- Replacement reserve funding for future Fairgrounds major capital repairs and replacement.

Debt Service Payment

The table below summarizes the anticipated speedway revitalization project costs and the resulting amount of project costs anticipated to be financed with long-term debt. As a result of recent escalation in construction costs, Metro officials estimate the total construction and

financing costs to be approximately \$116.3 million, including approximately \$96 million of hard construction costs and \$20.3 million of soft costs, including design and development costs, debt service reserves and bond issuance costs. Metro would be responsible for constructing the speedway revitalization project, and Metro intends to utilize a Guaranteed Maximum Price (GMP) commitment from a construction contractor to eliminate cost overrun risks to Metro.

The State is expected to provide a \$17.0 million grant towards the project and the Nashville CVC is expected to provide a \$2.0 million upfront contribution as part of the CVC contract, resulting in an estimated \$97.3 million of project costs that will be financed with long-term debt. It is anticipated that the Metro Sports Authority will issue 30-year revenue bonds to finance this amount. Assuming a five percent interest rate, as recommended by Metro's financial advisor, Metro estimates that the debt service payment will approximate \$6.3 million annually.

Metro's finance plan would involve the issuance of bonds that would be supported by a pledge of certain non-tax revenues generated to its General Service District General Fund. In other words, if the project revenues described herein are insufficient to fund debt service costs, then Metro's General Fund would be required to fund any shortfalls.

FINANCING AMOUNT Estimated Annual Debt Service	
FINANCING AMOUNT:	
Total Project Costs ⁽¹⁾	\$116,260,000
Less: State Contribution	(\$17,000,000)
Less: Nashville CVC Upfront Contribution	(\$2,000,000)
NET AMOUNT TO FINANCE	\$97,260,000
Interest Rate	5.0%
Term	30 years
ESTIMATED ANNUAL DEBT PAYMENT ⁽²⁾	\$6,326,903
<small>(1) A Guaranteed Maximum Price (GMP) will be employed to eliminate the risk of cost overruns.</small>	
<small>(2) Metro Sports Authority revenue bonds.</small>	
<small>Source: Metro Government.</small>	

Fairgrounds Make-Whole Payment

Metro has indicated that one of the prerequisites to any transaction is keeping the Fairgrounds financial operations whole as a result of the Speedway revitalization project. Metro has asked CSL to project the annual payment necessary to meet this goal.

Under the proposed arrangement, BMS would operate the Fairgrounds Speedway year-round, retaining speedway operating revenues and paying speedway operating expenses. The Fair Board would continue to operate the remainder of the Fairgrounds, with the exception of the speedway, soccer stadium and future mixed-use development.

As part of this agreement, BMS is entitled to four weeks of exclusive use of the entire Fairgrounds (except the soccer stadium and mixed-use development) for major events each year. During these four exclusive weeks, BMS would have operational control of the Fairgrounds and receive all revenues generated from using the Fairgrounds and pay associated expenses.

As a result, the Fair Board's financial position will be negatively impacted by giving up operational control of the Fairgrounds Speedway and providing BMS with four exclusive weeks of Fairground use.

The table on the right summarizes the estimated financial impact inclusive of the net income historically generated to the Fair Board from a combination of historical speedway operations (pre-pandemic effects were used as a proxy for normalized operations) and a pro-rated estimate of future revenues generated to the fairgrounds that are projected to be generated to the Fair Board if BMS was not granted the four-week exclusive use period of the Fairgrounds.

As depicted, the Fair Board is estimated to forgo approximately \$163,000 in annual net operating income by allowing BMS to take over operations of the Fairgrounds Speedway.

The estimate of forgone Fair Board revenues during the four-week exclusive period is based on a conservative estimate of the annual revenues anticipated to be generated by the Fairgrounds

utilization on an annual basis, pro-rated for the four-week exclusive period. Specifically, Fairgrounds management projects it would generate approximately \$1.1 million annually from rent, food & beverage, parking and other revenues from the rental of non-speedway Fairground facilities through the course of a normal year. This amount was divided by 317 days (365 days less 48 Flea Market days) and multiplied by 28 days (4-week exclusive period) to arrive at an estimate of approximately \$100,000 in forgone Fairground revenues annually due to the four-week exclusive-use period of the Fairgrounds by BMS.

It should be noted that projected future financial information for the Fairgrounds revenues lost due to the BMS exclusivity period was utilized herein rather than historical revenues because the anticipated future utilization of the new expo facilities that have yet to achieve normalized

ESTIMATE OF FAIRGROUNDS LOST REVENUE DUE TO TRACK REVITALIZATION DEAL	
HISTORICAL SPEEDWAY REVENUES:	
Speedway Contract Revenue	\$120,000
Race-Day Parking	\$38,000
Christmas Light Show	\$30,000
Monster Truck Show	\$30,000
Concert	\$20,000
Car/Truck Shows	\$15,000
F&B Commission	\$15,000
Other Event Parking Revenue	\$7,000
Bikes	\$5,000
TOTAL REVENUES	\$280,000
HISTORICAL SPEEDWAY EXPENSES:	
Electric	\$75,000
Water	\$25,000
Repairs	\$8,000
Gas	\$5,000
Stormwater	\$3,000
Elevator	\$1,000
TOTAL EXPENSES	\$117,000
NET OPERATING INCOME	\$163,000
Estimated Revenue Loss - BMS 4-Week Exclusivity	\$100,000
Total Make Good Payment Estimate	\$263,000
Total Make Good Payment in 2024 Dollars ⁽¹⁾	\$275,000
<small>(1) Assumes inflation rate of 1.5% per year for three years. Source: Fairgrounds Management data & CSL analysis.</small>	

operations due to limitations of the pandemic and are anticipated to be greater than the historical revenues in the previous outdated facilities that have been replaced.

As depicted in the previous table, it is estimated that the make-good payment to Metro should approximate \$275,000 annually in 2024 dollars, assuming 1.5 percent annual inflation for three years. It is reasonable to expect that this make-good payment value be adjusted annually for an agreed-upon amount to account for anticipated inflation or changes in the Consumer Price Index ("CPI") to ensure the Fair Board is not negatively impacted by the time value of money throughout the 30-year term.

Replacement Reserve Funding

Prudent financial planning for sports and entertainment venues includes the establishment of a replacement reserve to fund future major capital repairs or improvements outside of routine repairs and maintenance expenditures. Given the expected 30-year time horizon for repayment of Metro Sports Authority bonds, it is likely that some level of major capital repairs or improvements will need to be made to the Fairgrounds Speedway to ensure that the facility does not fall into disrepair or fail to meet sanctioning body racing standards which could negatively impact its ability to host events and generate revenues necessary to meet bond payments.

Industry best practices suggest a minimum level of annual funding for a replacement reserve approximate 0.5% of project costs, increasing annually thereafter for inflation/cost of living adjustments. The table on the right details the annual requirements to fund a replacement reserve in accordance with industry best practices.

Replacement Reserve Funding Analysis				
Year	Replacement Reserve Beginning Balance	Suggested Metro Funding Deposit	Assumed 2.5% Investment Earnings	Replacement Reserve Projected Ending Balance
1	\$0	\$581,300	\$0	\$581,300
2	\$581,300	\$592,926	\$14,533	\$1,188,759
3	\$1,188,759	\$604,785	\$29,719	\$1,823,262
4	\$1,823,262	\$616,880	\$45,582	\$2,485,724
5	\$2,485,724	\$629,218	\$62,143	\$3,177,085
6	\$3,177,085	\$641,802	\$79,427	\$3,898,314
7	\$3,898,314	\$654,638	\$97,458	\$4,650,410
8	\$4,650,410	\$667,731	\$116,260	\$5,434,401
9	\$5,434,401	\$681,086	\$135,860	\$6,251,347
10	\$6,251,347	\$694,707	\$156,284	\$7,102,338
11	\$7,102,338	\$708,601	\$177,558	\$7,988,498
12	\$7,988,498	\$722,773	\$199,712	\$8,910,984
13	\$8,910,984	\$737,229	\$222,775	\$9,870,987
14	\$9,870,987	\$751,974	\$246,775	\$10,869,735
15	\$10,869,735	\$767,013	\$271,743	\$11,908,492
16	\$11,908,492	\$782,353	\$297,712	\$12,988,557
17	\$12,988,557	\$798,000	\$324,714	\$14,111,272
18	\$14,111,272	\$813,960	\$352,782	\$15,278,014
19	\$15,278,014	\$830,240	\$381,950	\$16,490,204
20	\$16,490,204	\$846,844	\$412,255	\$17,749,303
21	\$17,749,303	\$863,781	\$443,733	\$19,056,817
22	\$19,056,817	\$881,057	\$476,420	\$20,414,294
23	\$20,414,294	\$898,678	\$510,357	\$21,823,329
24	\$21,823,329	\$916,652	\$545,583	\$23,285,564
25	\$23,285,564	\$934,985	\$582,139	\$24,802,688
26	\$24,802,688	\$953,684	\$620,067	\$26,376,439
27	\$26,376,439	\$972,758	\$659,411	\$28,008,608
28	\$28,008,608	\$992,213	\$700,215	\$29,701,037
29	\$29,701,037	\$1,012,057	\$742,526	\$31,455,620
30	\$31,455,620	\$1,032,299	\$786,390	\$33,274,309
Note: Suggested replacement reserve funding estimated using industry standard of 0.5% of project costs (\$116.3 million), escalating annually for inflation/cost of living adjustment. For purposes of this analysis, the annual deposit adjustment factor is assumed to be 2.0%.				

Total Project Costs

The table below presented the total annual costs of the Fairgrounds Speedway renovation project, including the costs of debt service, Fairgrounds make-whole and capital reserve and replacement.

ANNUAL COSTS				
Nashville Fairgrounds Speedway Renovation				
Year	Debt Service Payment	Fairgrounds Make-Good Payment	Replacement Reserve Deposit	Total Annual Cost
1	\$6,326,903	\$275,000	\$581,300	\$7,183,203
2	\$6,326,903	\$280,500	\$592,926	\$7,200,329
3	\$6,326,903	\$286,110	\$604,785	\$7,217,797
4	\$6,326,903	\$291,832	\$616,880	\$7,235,615
5	\$6,326,903	\$297,669	\$629,218	\$7,253,789
6	\$6,326,903	\$303,622	\$641,802	\$7,272,327
7	\$6,326,903	\$309,695	\$654,638	\$7,291,235
8	\$6,326,903	\$315,889	\$667,731	\$7,310,522
9	\$6,326,903	\$322,206	\$681,086	\$7,330,195
10	\$6,326,903	\$328,650	\$694,707	\$7,350,260
11	\$6,326,903	\$335,223	\$708,601	\$7,370,727
12	\$6,326,903	\$341,928	\$722,773	\$7,391,604
13	\$6,326,903	\$348,766	\$737,229	\$7,412,898
14	\$6,326,903	\$355,742	\$751,974	\$7,434,618
15	\$6,326,903	\$362,857	\$767,013	\$7,456,772
16	\$6,326,903	\$370,114	\$782,353	\$7,479,370
17	\$6,326,903	\$377,516	\$798,000	\$7,502,419
18	\$6,326,903	\$385,066	\$813,960	\$7,525,929
19	\$6,326,903	\$392,768	\$830,240	\$7,549,910
20	\$6,326,903	\$400,623	\$846,844	\$7,574,370
21	\$6,326,903	\$408,636	\$863,781	\$7,599,319
22	\$6,326,903	\$416,808	\$881,057	\$7,624,768
23	\$6,326,903	\$425,144	\$898,678	\$7,650,725
24	\$6,326,903	\$433,647	\$916,652	\$7,677,201
25	\$6,326,903	\$442,320	\$934,985	\$7,704,207
26	\$6,326,903	\$451,167	\$953,684	\$7,731,753
27	\$6,326,903	\$460,190	\$972,758	\$7,759,851
28	\$6,326,903	\$469,394	\$992,213	\$7,788,509
29	\$6,326,903	\$478,782	\$1,012,057	\$7,817,742
30	\$6,326,903	\$488,357	\$1,032,299	\$7,847,558
TOTAL	\$189,807,077	\$11,156,222	\$23,582,224	\$224,545,524
Source: Metro Government debt payment estimates and CSL estimates for Fairgrounds make-good payments and replacement reserve funding.				

As depicted, total annual costs are estimated to be \$7.2 million in year one, growing to nearly \$7.9 million by year 30, assuming a 2.0 percent annual inflationary adjustment for the Fairgrounds make-good payment and the replacement reserve funding deposit. Debt service is anticipated to be fixed throughout the 30-year term of indebtedness.

OVERVIEW OF PROJECT REVENUES

The revenues available to cover the costs described above consist of (1) **scheduled revenues** (contractually required payments from BMS and the CVC more fully described below) and (2) **fluctuating revenues** (revenues that are not contractually required to be paid by any party, but which instead depend entirely upon the activation of the Fairgrounds Speedway).

Scheduled Revenues

Based on the terms of the public-private partnership envisioned by Metro and BMS, a portion of anticipated funding is expected to come from scheduled payments made by BMS, including its assignment of scheduled payments to be made to BMS by the CVC under the CVC Contract.

BMS Scheduled Rent Payment

As described above, the lease agreement envisioned by Metro and BMS requires BMS to pay Metro rent in the amount of \$850,000 in year one with rent increasing one (1) percent per year thereafter throughout the term of the 30-year lease. The rent payment for each year of the lease is depicted in the table on page 36 of this report.

BMS operates the Bristol Motor Speedway in Bristol, TN. The 153,000-seat short-track speedway opened in 1961 and has been a staple on the NASCAR racing scene for years. Speedway Motorsports, LLC ("SMI") acquired BMS in 1996. Owned by Bruton Smith, SMI owns eleven racing facilities including Atlanta Motor Speedway, Bristol Motor Speedway, Charlotte Motor Speedway, Dover Motor Speedway, Kentucky Motor Speedway, Las Vegas Motor Speedway, Nashville Superspeedway (located in Wilson County, Tennessee), New Hampshire Motor Speedway, North Wilkesboro Speedway, Sonoma Raceway and Texas Motor Speedway. In addition to owning and operating these racetracks, SMI owns Performance Racing Network ("PRN"), U.S. Legends Cars International and co-owns Motorsports Authentics.

After trading on the New York Stock Exchange for 25 years, SMI was taken private in September 2019 and is now a wholly-owned subsidiary of Sonic Financial Corporation, which is owned by Bruton Smith and members of his family. Prior to going private, the most recent 10k filing for SMI reported operating revenues of \$462 million, operating expenses of \$421 million and net income of \$41 million for fiscal year ending December

31, 2018. From a balance sheet perspective, SMI reported total assets of \$1.4 billion and stockholder's equity of \$935 million for fiscal year ending December 31, 2018.

It is important to note that this financial data excludes the impacts associated with SMI's recent acquisition of Dover Motorsports in late 2021. It also does not reflect the negative impacts that the COVID-19 pandemic had on SMI's financial operations since 2019, which are anticipated to fully recover in 2022 or 2023.

It is also important to note that BMS has proposed that it will be the contracting party to the Lease Agreement, and that its parent company, SMI, will have no contractual responsibility related to the Lease Agreement. The finances described above are those of SMI and not BMS.

Nashville CVC Scheduled Payment

The Nashville CVC is expected to contract with BMS for a variety of advertising and promotional rights, as well as for up to 20 days each year to use the Nashville Fairgrounds Speedway in which the CVC can use the facility to drive additional tourism beyond levels expected to be generated by racing and entertainment events that BMS will secure.

In exchange, for these tourism promotional rights, the CVC will agree to contribute \$2 million in upfront cash to BMS for the renovation project and pay BMS \$1.0 million in year one with the annual payment increasing one (1) percent per year thereafter for a period of 30 years. BMS will assign its rights to the CVC payment to the Fairgrounds. The Nashville CVC payment for each year is depicted in the table on page 36 of this report.

The detailed terms of the CVC Contract are subject to negotiations between BMS and the Nashville CVC.

The Nashville CVC is a 501(c) non-profit entity whose mission is to promote Nashville to visitors and generate economic impact to the City. Based on the most recent available 990 Form filings with the IRS, the Nashville CVC reported total revenues of \$32 million in 2017, \$38 million in 2018 and \$27 million in 2019 (COVID-19 impacted). In fiscal year 2019, the Nashville CVC reported total assets of \$8.5 million, \$5.2 million in liabilities and \$3.3 million in equity.

The vast majority of the CVC's funding is derived from the appropriation of hotel occupancy tax revenue by Metro to the CVC. Under current law, one-third of Metro hotel occupancy tax revenues must be allocated for the direct promotion of tourism. Metro has historically appropriated these hotel occupancy tax revenues to the CVC to satisfy this statutory purpose, and is currently party to a contract with the CVC under which appropriations will continue to be made to the CVC for the next five years.

Following the expiration of this contract, Metro could elect to appropriate hotel occupancy tax revenues to an entity engaged in tourism promotion other than the CVC. In that event, the CVC's ability to make its scheduled payments to BMS would be adversely affected. Metro would bear the risk of any shortfall in project revenues resulting from the CVC's inability to make its contractual payments to BMS.

The health of the CVC's financial position, should it continue to be appropriated funds from Metro, also depends heavily on the health of the tourism industry and hotel room night generation in Nashville to fund the CVC's operations and financial commitments.

Fluctuating Revenues

Based on the terms of the public-private partnership envisioned by Metro and BMS, the balance of anticipated funding is expected to come from the following revenue streams:

- Ticket Tax Revenues – revenues resulting from the levy of a ticket tax on Fairgrounds Speedway attendees.
- Sales Tax Revenues – revenues collected from the imposition of state and local taxes on sales of tickets, parking and other sales at the Fairgrounds Speedway and allocated by State law to the payment of Fairgrounds Speedway capital and operating expenses.
- Share of Advertising & Sponsorship Revenues – BMS would pay Metro annually the first \$600,000 in Fairgrounds Speedway sponsorship revenues (excluding event-specific sponsorships). In addition, BMS would pay Metro ten percent of facility sponsorship revenues generated in excess of \$600,000 per year.
- Share of Food & Beverage Revenues -- BMS would contract for food and beverage service and remit 15 percent of BMS's share to Metro for weeks other than the four Significant Event Weeks ("Other Weeks").
- Share of Speedway Gross Revenues -- BMS would pay Metro five percent of Fairgrounds Speedway gross revenues for all "Other Weeks".

These revenue streams depend entirely upon the success of BMS in attracting events and patrons to the Fairgrounds Speedway. BMS is not contractually obligated under the proposed Lease Agreement to bring any event to the Fairgrounds Speedway. BMS cannot guarantee that NASCAR will continue to allocate races to BMS, and BMS cannot offer any assurances that it will host any race allocated to it at the Fairgrounds Speedway, rather than at one of its eleven existing racetrack facilities. (See the "RISK FACTORS" section below.)

The following section of the report provides an independent assessment of the activation assumptions and fluctuating revenue estimates generated by BMS. It should be noted that the independent assessment provided herein focuses on the key assumptions, or key drivers, of the

estimated revenues available for debt service and other project costs, and is not intended to be an exhaustive review of all financial aspects of the potential future operations of a modernized Fairgrounds Speedway. Further, no detailed market study was completed to determine demand for events anticipated to be hosted at the Fairgrounds Speedway. Instead, reasonableness was determined primarily by the historical performance of other tracks in similar markets.

Further, it should be noted that information provided to CSL from BMS was obtained via a confidentiality agreement. Therefore, the information presented in this report is presented in a manner that is designed to adhere to the terms of the confidentiality agreement as it relates to the operations of other BMS tracks for benchmarking purposes including both utilization and financial operating data while also providing project stakeholders with sufficient information to make informed decisions regarding project financing and associated risks.

The remainder of this section provides an assessment of each fluctuating revenue source.

EVALUATION OF FLUCTUATING REVENUE PROJECTIONS

Ticket Tax Revenue

Projected ticket tax revenue by BMS is anticipated to account for the largest share of fluctuating revenues. The ability to use ticket tax proceeds to fund a portion of Fairgrounds Speedway renovation costs is provided for in Tennessee Code Annotated 7-3-202, known as the “Municipal Stadium Seat Privilege Tax”, but referred to herein as “Ticket Tax”. Any Ticket Tax must be approved by ordinance of the Metropolitan Council.

To qualify to use ticket tax proceeds from the Fairgrounds Speedway for renovation funding, the following criteria must be met:

- The venue must contain 30,000 or more seats;
- The venue must be financed with general obligation bonds, revenue bonds or other indebtedness of a metropolitan government or any public instrumentality of a metropolitan government (i.e. sports authority);
- Ticket tax is based upon the privilege of attending any event at the municipal stadium in an amount not to exceed ten percent (10%) of the consideration charged for spectators attending the event;
- Ticket tax is applied to paid admissions and does not apply to non-ticketed or complimentary admissions that does not exceed the lesser of than five (5) percent of total tickets offered for sale or 3,250;
- Ticket tax is in addition to the amount of the ticket price charged by the event promoter;

- The table below summarizes BMS' estimated ticket tax revenue. BMS plans to request that the Metropolitan Council enact a \$4.00 Ticket Tax in years 1 through 15 of the agreement and a \$5 Ticket Tax in years 16 through 30 of the agreement, with the Ticket Tax capped at 10 percent of the ticket price.

PROJECTED TICKET TAX REVENUE								
BMS Management Projections								
CUP YEARS								
	Events	Days Per Event	Total Event Days	Average Paid Attendance	Total Paid Attendance	Average Ticket Price	Ticket Tax	Ticket Tax Revenue
NASCAR Cup Race	1	1	1	30,750	30,750	\$100.00	\$4.00	\$123,000
NASCAR Xfinity Race	1	1	1	30,750	30,750	\$50.00	\$4.00	\$123,000
NASCAR Truck/Arca Race	1	2	2	12,500	25,000	\$40.00	\$4.00	\$100,000
All American 400	1	2	3	10,700	32,100	\$40.00	\$4.00	\$128,400
Regional Racing	2	2	4	9,000	36,000	\$35.00	\$3.50	\$126,000
Local Racing	5	2	10	5,000	50,000	\$40.00	\$4.00	\$200,000
Monster Truck/Thrill Show	1	2	2	18,000	36,000	\$25.00	\$2.50	\$90,000
Car Show	1	2	2	3,000	6,000	\$22.50	\$2.25	\$13,500
Christmas Show	1	50	50	1,000	50,000	\$40.00	\$4.00	\$200,000
BMS Music Event 1	1	2	2	12,500	25,000	\$60.00	\$4.00	\$100,000
Partnership Music Event 2	1	1	1	12,500	12,500	\$60.00	\$4.00	\$50,000
CVC Major Events	5	1	5	15,000	75,000	\$40.00	\$4.00	\$300,000
TOTAL	21	4.0	83	4,929	409,100			\$1,553,900
NON-CUP YEARS								
	Events	Days Per Event	Total Event Days	Average Paid Attendance	Total Paid Attendance	Average Ticket Price	Ticket Tax	Ticket Tax Revenue
NASCAR Xfinity Race	1	1	1	20,750	20,750	\$50.00	\$4.00	\$83,000
NASCAR Truck	1	1	1	15,750	15,750	\$40.00	\$4.00	\$63,000
All American 400	1	2	3	10,700	32,100	\$40.00	\$4.00	\$128,400
Regional Racing	2	2	4	9,000	36,000	\$35.00	\$3.50	\$126,000
Local Racing	5	2	10	5,000	50,000	\$40.00	\$4.00	\$200,000
Monster Truck/Thrill Show	1	2	2	18,000	36,000	\$25.00	\$2.50	\$90,000
Car Show	1	2	2	3,000	6,000	\$22.50	\$2.25	\$13,500
Christmas Show	1	50	50	1,000	50,000	\$40.00	\$4.00	\$200,000
BMS Music Event 1	1	2	2	12,500	25,000	\$41.00	\$4.10	\$102,500
BMS Music Event 2	1	1	1	12,500	12,500	\$42.00	\$4.20	\$52,500
Partnership Music Event 3	1	1	1	12,500	12,500	\$60.00	\$4.00	\$50,000
CVC Major Events	5	1	5	15,000	75,000	\$40.00	\$4.00	\$300,000
TOTAL	21	3.9	82		371,600			\$1,408,900
Note: Stated in 2024 dollars.								
Source: Bristol Motor Speedway (BMS) management.								

As depicted, BMS estimates total annual paid admissions of 409,100 in years in which the venue is anticipated to host a NASCAR Cup Race (assumed to be every other year by BMS) and 371,600 in years in which it does not host a Cup Race.

BMS estimates the potential ticket tax revenue to be \$1.6 million in Cup race years and \$1.4 million in non-Cup race years assuming an average effective ticket tax of approximately \$3.80 per paid admission.

The actual revenue to be generated from the ticket tax will be subject to paid admissions, the ticket prices charged, and the limitation set in place by the State tax code which limits the ticket tax to the lesser of \$4 or \$5 (as applicable) or ten percent (10%) of the ticket price charged.

To vet the projected ticket tax revenues, CSL analyzed historical paid admissions at similar tracks, historical ticket prices at similar tracks and application of the State tax code regarding ticket taxes.

Paid Admission Analysis

To determine the reasonableness of BMS paid attendance estimates, CSL collected 2019 historical paid admission data from several BMS-owned tracks that are most comparable to the Fairgrounds Speedway in term of the venue, market and/or operating dynamics. The comparable tracks include Bristol Motor Speedway, Charlotte Motor Speedway, Las Vegas Motor Speedway and Texas Motor Speedway. It should be noted that the information provided by BMS was not audited or verified and was assumed to be an accurate representation of the historical operating performance at their others tracks.

A penetration analysis was prepared that factors in the historical attendance at each track compared to the population from which to draw upon in each market. A ratio of the population per attendee was developed to determine the level of market penetration for each track. BMS' attendance projections for the Fairgrounds Speedway were then compared to the attendance penetration in other markets for reasonableness.

For purposes of this analysis, the market area for NASCAR events was defined as a 250-mile radius, or roughly a four (4) hour drive time. The market area for regional racing events was defined as a 100-mile radius, or roughly 1.5-hour drive time. For local racing and other entertainment events, the market area was defined as the local metropolitan statistical area.

Annual Track Paid Attendance Reasonableness

The table below summarizes the results of a penetration analysis of market population to annual track paid attendance from both a metropolitan area population and a 250-mile radius population perspective.

The lower the market population per attendee the higher a speedway has penetrated the market in terms of attendance. From a planning perspective for the Fairgrounds Speedway financial projections, the higher the population per paid attendee relative to the historical experiences at other speedways, the more conservative the attendance assumptions.

Overall, the total annual paid attendance estimates for a renovated Fairgrounds Speedway are on the high-end of those historically experienced at other BMS tracks.

Specifically, using BMS's projected annual attendance of 409,100 for a renovated Nashville Fairgrounds Speedway in Cup race years and 371,600 in non-Cup race years, there are 4.9 to 5.4 residents per annual attendee (compared to a peer track median of 6.7) in the Nashville Metro area and 70.3 to 77.4 residents per annual attendee (compared to peer track median of 91.1) within 250 miles of the Fairgrounds Speedway. Overall, BMS annual paid attendance estimates rank in the high range of penetration compared to comparable tracks, indicating the assumptions appear moderately aggressive compared to the historical performance of other BMS tracks.

If the Fairgrounds Speedway were to achieve the median attendance penetration level of peer tracks, it is estimated that the Fairgrounds Speedway could achieve annual paid attendance levels of 300,000 to 315,000, compared to BMS' projection of 371,600 to 409,100.

It should be noted that there are certain local factors which can inhibit Fairgrounds Speedway total attendance relative to its peers, including but not limited to a renovated seating capacity

ANNUAL PAID ATTENDANCE Demand Analysis

Metropolitan Area <i>Market Population to Paid Track Attendee</i>		
Rank	Speedway	Population Per Attendee
1	Speedway A	0.7
2	Fairgrounds Speedway - CUP Years	4.9
3	Fairgrounds Speedway - Non-CUP Years	5.4
4	Speedway B	5.5
5	Speedway C	8.0
6	Speedway D	29.9
MEDIAN (excluding Nashville)		6.7
Nashville Metro Area Population		2,020,111
Peer Track Median Penetration Rate		6.7
Estimated Nashville Attendance Based on Median Penetration		300,958
Median Peer Track Attendance Benchmark		329,549
BMS Projected Nashville Attendance - CUP Years		409,100
BMS Projected Nashville Attendance - Non-Cup Years		371,600
Note: Sorted from high to low in terms of attendance penetration.		
Data Sources: BMS and ESRI.		

250-Mile Radius (4-Hour Drive) <i>Market Population to Paid Track Attendee</i>		
Rank	Speedway	Population Per Attendee
1	Fairgrounds Speedway - CUP Years	70.3
2	Fairgrounds Speedway - Non-CUP Years	77.4
3	Speedway A	88.2
4	Speedway B	91.0
5	Speedway C	91.3
6	Speedway D	94.1
MEDIAN (excluding Nashville)		91.1
Nashville 250-Mile Population		28,759,290
Peer Track Median Penetration Rate		91.1
Estimated Nashville Attendance Based on Median Penetration		315,641
Median Peer Track Attendance Benchmark		329,549
BMS Projected Nashville Attendance - CUP Years		409,100
BMS Projected Nashville Attendance - Non-Cup Years		371,600
Note: Sorted from high to low in terms of attendance penetration.		
Data Sources: BMS and ESRI.		

of 30,750 seats (compared to an average of 127,163 seats at BMS per facilities) and a limit to ten (10) racing weekends a year.

Key Event Paid Attendance Reasonableness

It is also useful to assess the attendance projections of key individual events for reasonableness. For purposes of this review, an attendance analysis was completed for several key major events including NASCAR Cup races, NASCAR Xfinity races, NASCAR Truck races, regional racing, local racing, car shows, monster trucks, concerts and other events. The table on the following page presents a penetration analysis by event to assess the reasonableness of BMS projected paid attendance.

Cup Race Attendance

BMS projections assume a NASCAR Cup race will be hosted at the Fairgrounds Speedway every other year with a paid attendance of 30,750 per race. The median Cup race paid attendance at comparable tracks was 55,454 in 2019 (last pre pandemic year) with an average capacity at peer tracks of 127,163.

Applying the historical median 250-mile population per paid attendee at comparable tracks to the population within 250-miles of the Fairgrounds Speedway yields an estimated paid attendance demand of 57,926 for a NASCAR Cup race in Nashville. In comparison, the Ally 400 NASCAR Cup that was held in 2021 at the Nashville Superspeedway drew a soldout crowd of 38,000 (demand exceeded the supply of seats).

Based on this analysis, BMS projected paid attendance of 30,750 per NASCAR Cup race at the Fairgrounds Speedway appears reasonable. The level of population penetration required to achieve this paid attendance projection would be the lowest (most conservative) among the peer tracks.

It should be noted, as with other outdoor racing activities, that rainouts or postponed races due to weather could negatively impact the ability to meet projected attendance levels in those instances.

Xfinity Race Attendance

BMS projections assume a NASCAR Xfinity race will be hosted at the Fairgrounds Speedway every year with a paid attendance of 30,750 per race in years when it is paired with a Cup race and 20,750 in years in which it is paired with a NASCAR Truck race. The median NASCAR Xfinity race paid attendance at comparable tracks was 28,062 in 2019.

PER EVENT PAID ATTENDANCE Demand Analysis			
CUP RACE 250-Mile Radius Penetration Market Population to Track Attendee		XFINITY RACE 250-Mile Radius Penetration Market Population to Track Attendee	
Rank	Speedway	Rank	Speedway
1	Speedway A	1	Speedway A
2	Speedway B	2	Fairgrounds Speedway - Cup Years
3	Speedway C	3	Speedway B
4	Speedway D	4	Speedway C
5	Nashville Fairgrounds Speedway	5	Fairgrounds Speedway - Non Cup Years
MEDIAN (excluding Nashville)	496.5	MEDIAN (excluding Nashville)	4,531.3
Nashville 250-Mile Population	28,759,290	Nashville 250-Mile Population	1,010.7
Peer Track Median Penetration Rate	496.5	Peer Track Median Penetration Rate	28,759,290
Estimated Nashville Attendance Based on Median Penetration	57,926	Estimated Nashville Attendance Based on Median Penetration	1,010.7
Median Peer Track Attendance Benchmark	55,454	Median Peer Track Attendance Benchmark	28,455
BMS Projected Nashville Attendance	30,750	BMS Projected Nashville Attendance - paired with Cup Race	28,062
		BMS Projected Nashville Attendance - not paired with Cup Race	30,750
		BMS Projected Nashville Attendance	20,750
TRUCK RACE 250-Mile Radius Penetration Market Population to Track Attendee		LOCAL RACING Metropolitan Area Penetration Market Population to Track Attendee	
Rank	Speedway	Rank	Speedway
1	Speedway A	1	Speedway A
2	Speedway B	2	Fairgrounds Speedway
3	Speedway C	3	Speedway B
4	Fairgrounds Speedway - Cup Years	4	Speedway C
5	Fairgrounds Speedway - Non Cup Years	5	Speedway D
6	Speedway D	MEDIAN (excluding Nashville)	1,153.5
MEDIAN (excluding Nashville)	1,340.8	Nashville Metro Area Population	2,020,111
Nashville 250-Mile Population	28,759,290	Peer Track Median Penetration Rate	1,153.5
Peer Track Median Penetration Rate	1,340.8	Estimated Nashville Attendance Based on Median Penetration	1,751
Estimated Nashville Attendance Based on Median Penetration	21,449	Median Peer Track Attendance Benchmark	3,410
Median Peer Track Attendance Benchmark	20,426	BMS Projected Nashville Attendance	5,000
BMS Projected Nashville Attendance - Non Cup Years	15,750		
BMS Projected Nashville Attendance - Cup Years	12,500		
CAR SHOW Metropolitan Area Penetration Market Population to Track Attendee		REGIONAL RACING 100-Mile Radius Penetration Market Population to Track Attendee	
Rank	Speedway	Rank	Speedway
1	Speedway A	1	Speedway A
2	Fairgrounds Speedway	2	Nashville Fairgrounds Speedway
3	Speedway B	3	Speedway B
4	Speedway C	4	Speedway C
5	Speedway D	5	Speedway D
MEDIAN (excluding Nashville)	733.1	MEDIAN (excluding Nashville)	1,343.4
Nashville Metro Area Population	2,020,111	Nashville 100-Mile Population	4,152,382
Peer Track Median Penetration Rate	733.1	Peer Track Median Penetration Rate	1,343.4
Estimated Nashville Attendance Based on Median Penetration	2,756	Estimated Nashville Attendance Based on Median Penetration	3,091
Median Peer Track Attendance Benchmark	4,172	Median Peer Track Attendance Benchmark	3,094
BMS Projected Nashville Attendance	6,000	BMS Projected Nashville Attendance	10,075

Note: Sorted from high to low in terms of attendance penetration.

Data Sources: BMS and ESR.

Applying the historical median 250-mile population per paid attendee at comparable tracks to the population within 250-miles of the Fairgrounds Speedway yields an estimated paid attendance demand of 28,455 for a NASCAR Xfinity race.

Given that the Fairgrounds Speedway will be the smallest track in the NASCAR Cup series, BMS intends to leverage seat scarcity relative to demand to drive ticket sales for NASCAR Xfinity races through season ticket sales and other paired ticketing packages including premium hospitality.

Based on this analysis, BMS projected paid attendance of 30,750 per Xfinity race paired with a Cup race and 20,750 per Xfinity race paired with a Truck race appears reasonable. The level of population penetration required to achieve this paid attendance projection would be in the mid-range of peer tracks.

Truck Race Attendance

BMS projects that the Fairgrounds Speedway will host one NASCAR Truck race every other year that will be hosted in conjunction with a NASCAR Xfinity race. BMS projects NASCAR Truck race paid attendance of 15,750 per race in non-Cup years and 12,500 per race in Cup years when paired with an ARCA race on the same weekend. The median NASCAR Truck race paid attendance at comparable tracks was 20,426 in 2019.

Applying the historical median 250-mile population per paid attendee at comparable tracks to the population within 250-miles of the Fairgrounds Speedway yields an estimated paid attendance demand of 21,449.

Based on this analysis, BMS projected paid attendance of 12,500 to 15,750 per NASCAR Truck race appears reasonable, if not somewhat conservative. The level of population penetration required to achieve this paid attendance projection would be in the low-range (conservative) of peer tracks.

Regional Racing Attendance / All American 400

BMS projects that the Fairgrounds Speedway will host four regional races (All American 400, ARCA/Truck race weekend plus two additional regional races) that are one to three days in duration (eight total race days) drawing an average of 10,075 paid attendees per day, or 80,600 paid attendees annually. In comparison, the median regional race paid attendance at comparable tracks was 3,094 per day in 2019.

Applying the historical median 250-mile population per paid attendee at comparable tracks to the population within 100-miles of the Fairgrounds Speedway yields an estimated paid attendance demand of 3,091 per day.

Historical regional racing paid attendance at the Fairgrounds Speedway was analyzed for the 2021 racing season. The table below presents a summary of the number paid admissions for regional racing events hosted at the Fairgrounds Speedway.

REGIONAL RACING HISTORY			
Fairgrounds Speedway			
Race	2021 Racing Season Paid Attendance		
	Adult	Children	Total
ARCA Menard Series East Music City 200 & Late Models	1,752	236	1,988
SRX Championship & JGS/CRA All Stars	9,986	318	10,304
King of the Wing Sprint Cars, Midget & Pro Late Models	1,238	112	1,350
All American 400	2,034	254	2,288
TOTAL	15,010	920	15,930
AVERAGE	3,753	230	3,983

Source: Fairgrounds Speedway management.

As shown, the Fairgrounds Speedway hosted four (4) regional race weekends from May to October, drawing an average paid attendance of 3,983 per race weekend, or 1,992 per race day. In total, the Fairgrounds Speedway drew 15,930 paid admissions for regional racing in 2021.

While additional pre-pandemic attendance data was not available for analysis, an assessment of paid parking data for the All American 400 was provided for several years, including the pre-pandemic years of 2018 and 2019. Using historical metrics provided by Fairgrounds management on the number of people per car, the percentage of free parking for handicap and others, estimates of paid attendance were made. Estimated weekend paid attendance for the All American 400 in 2018 and 2019 was 4,175 in 2018 and 3,750 in 2019. The average estimated paid attendance over the two-year period was 3,960 for the weekend or 1,980, on average, per race day.

Additional considerations are necessary to estimate potential regional racing attendance potential. According to BMS officials, the numbers from peer tracks do not reflect the back gate admissions. For regional racing, the participating race teams (driver, crew, etc.) must pay admissions. Further, the condition of the current speedway environment in terms of fan experience (seat comfort, restrooms, concessions, etc.) is severely lacking. Empirical data from the sports venues that have significantly enhanced the patron experience results in positive impacts over historical attendance levels. Further, BMS management's ability to market the venue in a more effective way than previous track promoters will likely result in attendance levels that are higher than historical Fairgrounds Speedway attendance for regional events.

Based on this analysis, it does still appear that BMS projected paid attendance of 10,075 per regional race day appears aggressive. The level of population penetration required to achieve this attendance projection would be in the high-range of peer tracks. It is suggested that a more conservative average attendance of 7,000 paid attendees per day be used for the AA 400 and 5,000 paid attendees per day be used for other regional racing event.

Local Racing Attendance

Local racing has a long-history at the Fairgrounds Speedway. BMS projects five local racing weekends that span two days each with an average paid attendance of 5,000 per day. The median local racing daily paid attendance at comparable tracks was 3,410 in 2019.

Applying the historical median metropolitan area population per paid attendee at comparable tracks to the Nashville metropolitan area population yields an estimated paid attendance demand of 1,751.

Additionally, paid attendance for local races hosted at the Fairgrounds Speedway were analyzed for the 2020 and 2021 racing seasons. The table on the right presents a summary of the number of race days, average paid attendance and total annual paid experienced at the Fairgrounds Speedway for local racing events. As depicted, the Fairgrounds Speedway hosted an average of 10 races (5 race weekends consisting of Friday and Saturday races), drawing an average daily paid attendance of 692. In total, the Fairgrounds Speedway drew an average of 6,922 paid admission for local racing the last two years.

LOCAL RACING HISTORY			
Fairgrounds Speedway			
	2020	2021	Average
RACE DAYS			
Fridays	6	4	5
Saturdays	6	4	5
TOTAL	12	8	10
AVERAGE DAILY PAID ATTENDANCE			
Fridays	221	203	224
Saturdays	988	1,403	1,161
DAILY AVERAGE	604	803	692
TOTAL PAID ATTENDANCE			
Fridays	1,323	813	1,119
Saturdays	5,930	5,613	5,803
TOTAL	7,253	6,426	6,922
Source: Fairgrounds Speedway management.			

It should also be noted that 2021 race data were impacted by rainouts. It should be noted that effects of the COVID pandemic likely affected recent attendance. Based on discussion with speedway officials, pre-pandemic local racing paid attendance ranged from 1,500 to 2,500 per race day from 2011 to 2019.

Again, the historical attendance provided for local racing for both BMS facilities and the Fairgrounds Speedway exclude back gate attendance.

Based on this analysis, BMS projected attendance of 5,000 per local race day appears aggressive. It is suggested that more conservative attendance numbers be used for local racing assumptions of 3,000 paid attendees per day, reflecting historical experiences, but also the reputable marketing acumen of BMS management, back gate considerations and the impact that a modernized facility would have on future attendance compared to historical levels in an inferior facility.

Car Show Attendance

BMS projects that the Fairgrounds Speedway will host one car show per year lasting two days per show. Two of the four comparable tracks hosted car shows in 2019.

BMS estimates that car shows will attract 3,000 paid attendees daily per show (or 6,000 annually) at the Fairgrounds Speedway. The median car show paid attendance at comparable tracks was 4,172 in 2019. Applying the historical median metropolitan area population per paid attendee at comparable tracks to the Nashville metropolitan results in an estimated paid attendance demand of 2,756 per car show.

Based on this analysis, BMS projected attendance of 6,000 per car show (3,000 daily) appears somewhat aggressive. The level of population penetration required to achieve this paid attendance projection would be in the high-range of peer tracks. It is recommended that more conservative attendance of 3,500 paid attendees per car show (or 1,750 per day) be used.

Monster Truck Attendance

BMS projects that the Fairgrounds Speedway will host one monster truck/thrill show weekend with two performances per that will draw an average paid attendance 18,000 per show, or 36,000 annually. Two of the four comparable speedways reported hosting a monster truck/thrill show in 2019 with a median paid attendance of 10,369 per show.

Applying the historical median metropolitan area population per paid attendee for monster truck/thrill shows at comparable tracks to the Nashville metropolitan area population yields an estimated paid attendance demand of 17,528 per show. CSL analyzed a broader set of monster truck/thrill shows at outdoor stadiums that have a large seating capacities in markets similar to Nashville. Paid attendance at these venues ranged from 10,356 to 23,081, averaging 17,189, according the *Pollstar*, a leading entertainment industry publication.

Based on this analysis, BMS projected attendance of 18,000 per monster truck performance (or 36,000 annually) appears reasonable. The level of population penetration required to achieve this paid attendance projection would be in the mid-range of peer tracks.

Concert Attendance

BMS projects that the Fairgrounds Speedway will host three to four musical event days each year with an average paid attendance of 12,500 per event for a total of 37,500 to 50,000 paid attendees annually. Based on discussions with BMS officials, this could represent single performances by an act or an act that may play multiple performance dates (i.e. back-to-back nights).

In comparison, only one of the comparable tracks identified for this report hosted concerts in 2019 that was not held in conjunction with a race under the same race ticket price. That comparable track hosted one concert that drew a paid attendance of 8,410. In previous years, that venue hosted anywhere from one to three concerts per year according to data reported to *Pollstar*.

In order to provide a broader set of data points, CSL obtained *Pollstar* reports from the comparable tracks identified herein plus additional comparators and evaluated the concert activity over multiple years prior to impacts of the COVID-19 pandemic.

Overall, other speedways hosted an historical average of 2.2 concerts per year, ranging from an average of 0.7 concerts per year to 6.7 concerts per year. The average number of concerts hosted at other speedways when excluding multi-day music festivals (only hosted at one speedway within this data set) is one (1) concert per year. Average paid attendance was 25,975 per concert, ranging from 9,461 to 49,534 at similar speedways. The average ticket price was \$62 (inflated to 2024 dollars in order to compare to BMS Nashville Fairgrounds assumptions), ranging from \$42.26 to \$90.24 at similar speedways.

It should be noted that letters of interest and support for a renovated Fairgrounds Speedway were provided by several concert promoters to BMS and share with CSL. These letters do not represent a contractual commitment to bring a set number of concerts to the venue each year and there is no financial risk for the promoters to offer their general support. It should be noted that the addition of another concert venue in the market is an advantage for the promoters because they can use the added venue to negotiate better economic terms by having more local venues compete for their business. It is possible that BMS could secure an exclusive or preferred promoter agreement with one or more concert promoters to guarantee a minimum number of concerts each year. In the absence of this type of agreement or guarantee, the best measure of concert potential is the historical performance of similar venues.

It is recommended that more conservative assumptions be used for musical events in the financing projections – two to three concerts per year with an average attendance of 12,500 paid attendees. While Nashville is known as Music City, there is significant supply/competition locally which warrants a more conservative approach for financing purposes.

Christmas Show

BMS projects that the Fairgrounds Speedway will host 50 nights of a drive-through Christmas Show that draw an average of 1,000 cars a day for a total of 50,000 cars annually. The table on the following page presents a summary of operational data for several select Christmas drive-through shows.

Christmas Shows Benchmark Data				
Event	Location	Night of Operations	Average Cars Per Night	Annual Number of Cars
Speedway in Lights	Bristol, TN	62	645	40,000
Shadrack Christmas	Gray, TN	40	750	30,000
Shadrack Christmas	Pittsburg, PA	52	865	45,000
Speedway Christmas	Concord, NC	62	790	49,000
Average		54	763	41,000

Source: BMS management.

As shown, similar drive-through Christmas shows hosted an average of 54 nights of operations, drawing an average of 763 cars per night, or 41,000 annual cars. Based on this peer data, CSL recommends using 750 average cars per night for the purposes of Fairground Speedway financial projections.

CVC Major Events & Corporate Rentals

Per the CVC Contract, the CVC will have the rights to use the Fairgrounds Speedway for up to 20 days per year to drive tourism. BMS projections include five (5) major CVC ticketed events that are estimated to 15,000 paid attendees per event as well as 15 corporate that draw an average of 3,000 per event. In total, BMS projects that CVC-related events will draw 150,000 people annually to the Fairgrounds Speedway.

CSL reviewed the BMS projections for CVC-related events with the organization's leadership. CVC leadership indicated that the projections were reasonable and conservative and they expect to meet or exceed the projected numbers based on their experience in the marketplace,

early success booking the new soccer stadium and the need for additional meeting and event facilities in the Nashville marketplace.

Ticket Price Reasonableness

To fully assess BMS projections for ticket tax revenues, it is important to review the event ticket price assumptions in addition to paid attendance assumptions.

The table below summarizes the average ticket price assumptions used in BMS projections for a renovated Fairgrounds Speedway compared to the weighted average ticket price realized at other comparable BMS tracks.

TICKET PRICE COMPARISONS Adjusted to Nashville and 2024 Dollars								
CUP RACE			XFINITY RACE			TRUCK RACE		
Rank	Speedway	Average Ticket Price 2024 Nashville Dollars	Rank	Speedway	Average Ticket Price 2024 Nashville Dollars	Rank	Speedway	Average Ticket Price 2024 Nashville Dollars
2	Speedway A	\$125.51	1	Speedway A	\$62.87	1	Speedway A	\$53.68
3	Speedway B	\$123.32	2	Speedway B	\$55.06	2	Speedway B	\$50.45
1	Fairgrounds Speedway	\$100.00	3	Speedway C	\$53.09	3	Fairgrounds Speedway	\$40.00
4	Speedway C	\$83.80	4	Fairgrounds Speedway	\$50.00	4	Speedway C	\$30.70
5	Speedway D	\$88.52	5	Speedway D	\$46.75	5	Speedway D	\$23.41
MEDIAN (excluding Nashville)		\$105.92	MEDIAN (excluding Nashville)		\$54.07	MEDIAN (excluding Nashville)		\$40.58
REGIONAL RACING			LOCAL RACING			MONSTER TRUCK		
Rank	Speedway	Average Ticket Price 2024 Nashville Dollars	Rank	Speedway	Average Ticket Price 2024 Nashville Dollars	Rank	Speedway	Average Ticket Price 2024 Nashville Dollars
1	Speedway A	\$61.28	1	Fairgrounds Speedway	\$40.00	1	Fairgrounds Speedway	\$25.00
2	Speedway B	\$50.74	2	Speedway A	\$23.09	2	Speedway A	\$22.18
3	Speedway C	\$47.84	3	Speedway B	\$19.85	3	Speedway B	\$20.64
4	Fairgrounds Speedway	\$35.00	4	Speedway C	\$11.84	4	Speedway C	n/a
5	Speedway D	\$33.79	5	Speedway D	n/a	5	Speedway D	n/a
MEDIAN (excluding Nashville)		\$49.29	MEDIAN (excluding Nashville)		\$19.85	MEDIAN (excluding Nashville)		\$21.41
CAR SHOW			CHRISTMAS SHOW			CONCERT		
Rank	Speedway	Average Ticket Price 2024 Nashville Dollars	Rank	Speedway	Average Ticket Price 2024 Nashville Dollars	Rank	Speedway	Average Ticket Price 2024 Nashville Dollars
1	Speedway A	\$27.53	1	Fairgrounds Speedway	\$40.00	1	Speedway A	\$62.30
2	Speedway B	\$22.68	2	Speedway A	\$35.36	2	Fairgrounds Speedway	\$52.00
3	Fairgrounds Speedway	\$22.50	3	Speedway B	\$19.15	3	Speedway B	n/a
4	Speedway C	\$14.55	4	Speedway C	n/a	4	Speedway C	n/a
5	Speedway D	n/a	5	Speedway D	n/a	5	Speedway D	n/a
MEDIAN (excluding Nashville)		\$22.68	MEDIAN (excluding Nashville)		\$27.26	MEDIAN (excluding Nashville)		\$62.30

(1) Historical 2019 average ticket prices at peer tracks were adjusted for time and place to Nashville and 2024 dollars assuming a 2.5% inflation rate and the cost of living differences.
Source: BMS/SMI - historical ticket price data; CSI inflation/cost of living adjustment calculation.

It should be noted that the 2019 ticket prices achieved at comparable tracks were adjusted to 2024 dollars using a 2.5 percent annual escalation rate to account for inflation and were adjusted to the Nashville cost-of-living considerations relative to other markets.

Overall, the ticket price assumptions used by BMS for Fairgrounds Speedway financial projections appear reasonable, particularly in the context of limited seat supply and anticipated demand. It is suggested that more moderate ticket prices be used for local racing (\$20) and the Christmas Show (\$30) to achieve projected attendance levels.

CSL Projected Ticket Tax Revenues

Based on the paid attendance and ticket price analysis conducted herein, the table on the following page presents CSL's estimate of potential ticket tax revenues for the Fairgrounds Speedway compared to BMS's projections.

As depicted, CSL estimates that the \$4.00 ticket tax (capped at 10 percent) could generate \$1.1 million in years in which the Fairgrounds Speedway hosts NASCAR CUP races and \$1.0 million in years in which it does not host NASCAR Cup races. This estimate represents \$411,525 less ticket tax revenues in years in which the Fairgrounds Speedway hosts NASCAR Cup race and \$388,525 less ticket tax revenues in years in which it does not host NASCAR Cup races.

Sales Tax Revenue

Last year the Tennessee Legislature approved the use of state and local sales taxes generated from ticket sales, food and beverage sales, parking and other sales at the Fairgrounds Speedway to be used towards renovation costs, excluding a certain portion of state sales taxes allocated for educational purposes.

The table on the right summarizes the net sales tax rate that can be captured and use towards Fairgrounds Speedway debt service payments.

Based on BMS financial projections, sales taxes revenue generated at the Fairgrounds Speedway are anticipated to account for the second largest share of fluctuating revenues.

The table on the following page summarizes CSL's estimate of the sales taxes generated compared to the sales taxes projected by BMS.

SALES TAX RATE Applicable to Fairgrounds Speedway Financing	
State Sales Tax Rate	7.00%
Less: State Educational Share	1.50%
NET STATE SALES TAX RATE AVAILABLE FOR FAIRGROUNDS SPEEDWAY DEBT	5.50%
Metro Sales Tax Rate	2.25%
TOTAL SALES TAX RATE AVAILABLE FOR FAIRGROUNDS SPEEDWAY DEBT	7.75%
Source: State of Tennessee and Metro.	

As depicted, CSL estimates that sales tax revenues generated at the Fairgrounds Speedway is estimated to be \$2.0 million in Cup years and \$1.5 million in non-Cup years. These estimates are 25 percent less than those estimated by BMS for Cup years and 28 percent less for non-Cup years.

PROJECTED SALES TAX REVENUE

CSL Estimates

CUP YEARS									
	Ticket Sales			Food & Beverage Sales			Parking Sales		
	Total Paid Attendance	Average Ticket Price	Gross Ticket Sales	95.0% Total Turnstile Attendance	F&B Per Capita Spending	Gross F&B Revenue	3.0 Total Parking Demand	Parking Charge Per Car	Gross Parking Revenue
NASCAR Cup Race	30,750	\$100.00	\$3,075,000	29,213	\$25.00	\$730,313	9,738	\$50.00	\$486,875
NASCAR Xfinity Race	30,750	\$50.00	\$1,537,500	29,213	\$25.00	\$730,313	9,738	\$40.00	\$389,500
NASCAR Truck/ARCA Race	18,000	\$40.00	\$720,000	17,100	\$15.00	\$256,500	5,700	\$20.00	\$114,000
All American 400	21,000	\$40.00	\$840,000	19,950	\$12.00	\$239,400	6,650	\$15.00	\$99,750
Regional Racing	20,000	\$35.00	\$700,000	19,000	\$12.00	\$228,000	6,333	\$15.00	\$95,000
Local Racing	30,000	\$20.00	\$600,000	28,500	\$10.00	\$285,000	9,500	\$15.00	\$142,500
Monster Truck/Thrill Show	36,000	\$25.00	\$900,000	34,200	\$12.00	\$410,400	11,400	\$15.00	\$171,000
Car Show	3,500	\$22.50	\$78,750	3,325	\$5.00	\$16,625	1,108	\$15.00	\$16,625
Christmas Show	37,500	\$30.00	\$1,125,000	35,625	\$3.00	\$106,875	0	\$0.00	\$0
BMS Music Event 1	25,000	\$60.00	\$1,500,000	23,750	\$18.00	\$427,500	7,917	\$25.00	\$197,917
CVC Major Events	75,000	\$40.00	\$3,000,000	71,250	\$15.00	\$1,068,750	23,750	\$25.00	\$593,750
CVC Corporate Rentals	0	\$0.00	\$0	45,000	\$25.00	\$1,125,000	15,000	\$10.00	\$150,000
BMS Corporate Rentals	0	\$0.00	\$0	56,000	\$25.00	\$1,400,000	18,667	\$10.00	\$186,667
TOTAL	327,500	\$42.98	\$14,076,250	412,125	\$17.05	\$7,024,675	125,500	\$21.06	\$2,643,583

CSL Sales Tax Estimate	
Gross Taxable Ticket Sales	\$14,076,250
Gross Taxable F&B Sales	\$7,024,675
Gross Parking	\$2,643,583
Other Taxable Sales (1)	\$1,750,000
Total Taxable Sales	\$25,494,508
Sales Tax Rate (2)	7.750%
Total Estimated Sales Tax	\$1,975,824

Comparison to BMS Projection	
BMS Sales Tax Estimate	\$2,645,872
CSL Sales Tax Estimate	\$1,975,824
Difference	(\$670,048)

NON-CUP YEARS									
	Ticket Sales			Food & Beverage Sales			Parking Sales		
	Total Paid Attendance	Average Ticket Price	Gross Ticket Sales	95.0% Total Turnstile Attendance	F&B Per Capita Spending	Gross F&B Revenue	3.0 Total Parking Demand	Parking Charge Per Car	Gross Parking Revenue
NASCAR Xfinity Race	20,750	\$50.00	\$1,037,500	19,713	\$20.00	\$394,250	6,571	\$40.00	\$262,833
NASCAR Truck	15,750	\$40.00	\$630,000	14,963	\$15.00	\$224,438	4,988	\$25.00	\$124,688
All American 400	21,000	\$40.00	\$840,000	19,950	\$12.00	\$239,400	6,650	\$15.00	\$99,750
Regional Racing	20,000	\$35.00	\$700,000	19,000	\$12.00	\$228,000	6,333	\$15.00	\$95,000
Local Racing	30,000	\$20.00	\$600,000	28,500	\$10.00	\$285,000	9,500	\$15.00	\$142,500
Monster Truck/Thrill Show	36,000	\$25.00	\$900,000	34,200	\$12.00	\$410,400	11,400	\$15.00	\$171,000
Car Show	3,500	\$22.50	\$78,750	3,325	\$5.00	\$16,625	1,108	\$15.00	\$16,625
Christmas Show	37,500	\$30.00	\$1,125,000	35,625	\$3.00	\$106,875	0	\$0.00	\$0
BMS Music Event 1	25,000	\$41.00	\$1,025,000	23,750	\$18.00	\$427,500	7,917	\$25.00	\$197,917
BMS Music Event 2	12,500	\$42.00	\$525,000	11,875	\$18.00	\$213,750	3,958	\$25.00	\$98,958
CVC Major Events	75,000	\$40.00	\$3,000,000	71,250	\$18.00	\$1,282,500	23,750	\$25.00	\$593,750
CVC Corporate Rentals	0	\$0.00	\$0	45,000	\$25.00	\$1,125,000	15,000	\$10.00	\$150,000
BMS Corporate Rentals	0	\$0.00	\$0	56,000	\$25.00	\$1,400,000	18,667	\$10.00	\$186,667
TOTAL	297,000	\$35.22	\$10,461,250	383,150	\$16.58	\$6,353,738	115,842	\$18.47	\$2,139,688

CSL Sales Tax Estimate	
Gross Taxable Ticket Sales	\$10,461,250
Gross Taxable F&B Sales	\$6,353,738
Gross Parking	\$2,139,688
Other Taxable Sales (1)	\$900,000
Total Taxable Sales	\$19,854,675
Sales Tax Rate (2)	7.750%
Total Estimated Sales Tax	\$1,538,737

Comparison to BMS Projection	
BMS Sales Tax Estimate	\$2,138,066
CSL Sales Tax Estimate	\$1,538,737
Difference	(\$599,328)

(1) Includes camping, merchandising, hospitality and other miscellaneous taxable revenues.

(2) Excludes Metro Nashville Public School share.

Source: CSL

Advertising and Sponsorship Revenue

The parties envision that BMS will pay Metro the first \$600,000 annually in speedway sponsorship revenues (excluding event-specific sponsorships) plus 10 percent of facility sponsorship revenues in excess of \$600,000 annually. Advertising and sponsorship revenues are estimated by Metro and BMS to comprise the third largest share of fluctuating revenues.

Comparative information for five (5) BMS-owned motorsports facilities indicates that each track has between 9 and 18 official partners in various categories (i.e. auto manufacturing, auto dealers, auto parts, wholesale retailers, banking, insurance, beverage, etc.). Official partners receive year-round marketing and advertising rights as well as permanent signage in the facility. The value of the facility sponsorships varies based on a variety of factors. Many facility sponsors receive assets in addition to the official rights. For example, many official sponsors receive suites, tickets, display, hospitality, camping and/or parking for various events held at the facility during the year.

Discussion with BMS officials indicate that management will seek four premier partners for the Fairgrounds Speedway. Each of the partners would receive the official designation in their category and would include year-round marketing and advertising rights on permanent signage at the facility. BMS estimates that these facility rights would be valued at a minimum of \$150,000 for each premier partner. It is anticipated that each of the premier partners would also receive race-related assets for NASCAR events as part of a larger sponsorship package. In total, BMS estimates that it will generate \$500,000 in sponsorship revenues from each premier partner, with approximately \$150,000 of that amount allocated to facility sponsorship assets. As a result, BMS anticipates that it will fully fund the first \$600,000 in speedway sponsorships by securing four (4) premier partners.

In addition to these premier partners, it is highly likely that BMS will secure other official sponsors and signage purchases that will generate additional facility revenues of which Metro would receive 10 percent of the value for additional facility-related sponsorship revenues. At this time, without specific information on the number of billboards, grandstand signage and other track assets, it is difficult to estimate the additional facility sponsorship revenues at this time.

A review of the historical facility sponsorship revenues generated at five (5) other BMS tracks indicate the average track generated \$2.3 million in facility-related sponsorship revenues. Applying data analytics based on the corporate base in each market yields an estimated facility sponsorship revenue approximating \$1.5 million in 2024 dollars for the Fairgrounds Speedway.

Overall, it appears that the \$690,000 sponsorship revenue assumption in the financing plan appears reasonable and conservative. If BMS were to achieve the \$1.5 million in annual facility sponsorship revenues estimated by CSL, the sponsorship revenues that would be generated to Metro would approximate the \$690,000 annually (first \$600,000 plus 10% of the next \$900,000).

It is important to note that these projections herein conservatively do not rely on a facility naming rights. Most motor speedway facilities do not have a corporate naming rights partner so there are limited examples of these agreements. The table below summarizes five (5) such naming rights agreements.

Naming rights deals have ranged from three (3) to ten (10) years in length with the average annual value ranging from \$333,333 to \$5.0 million per year, averaging \$2.1 million. The two most recent naming rights agreements were for existing tracks and average \$1.0 million annually.

NAMING RIGHTS Motor Speedways				
Track	First Year	Total Years	Total Value	Average Annual Value
Auto Club Speedway	2008	10	\$50,000,000	\$5,000,000
Infineon Raceway	2002	10	\$34,000,000	\$3,400,000
ISM Raceway	2018	10	\$10,000,000	\$1,000,000
WeatherTech Raceway Laguna Seca	2018	5	\$5,000,000	\$1,000,000
Lucas Oil Raceway	2011	3	\$1,000,000	\$333,333
AVERAGE	2011	8	\$20,000,000	\$2,146,667

Source: CSL research.

Given the limited number of facility naming rights deals in motor sports, it is conservative and appropriate to not project naming rights revenues as part of the financing plan.

Food & Beverage Revenue

BMS intends to outsource food and beverage operations to a third-party concessionaire, a standard practice at the other SMI-owned tracks. It is expected that BMS will receive a commission approximating 30 percent of gross food and beverage sales from the concessionaire. The concessionaire would retain other 70 percent of food and beverage gross sales which would be used to pay for product, labor, overhead and provide for concessionaire profit.

The potential public-private partnership agreement envisions that BMS will retain all of BMS's share of food and beverage sales based on the terms of its agreement with its concessionaire during Significant Event Weeks. BMS will provide Metro 15 percent of BMS's share for Other Weeks.

The table on the following pages summarizes CSL's estimate of potential food and beverage revenues that would be generated to Metro through the Fairgrounds Speedway activation by BMS.

PROJECTED FOOD & BEVERAGE REVENUE

CSL Estimates

CUP YEARS

	Total Turnstile Attendance	F&B Per Capita Spending	Gross F&B Revenue	F&B Provider	BMS	F&B Provider	BMS
NASCAR Cup Race *	29,213	\$25.00	\$730,313	70%	30%	\$511,219	\$219,094
NASCAR Xfinity Race *	29,213	\$25.00	\$730,313	70%	30%	\$511,219	\$219,094
NASCAR Truck/ARCA Race *	17,100	\$15.00	\$256,500	70%	30%	\$179,550	\$76,950
All American 400	19,950	\$12.00	\$239,400	70%	30%	\$167,580	\$71,820
Regional Racing	19,000	\$12.00	\$228,000	70%	30%	\$159,600	\$68,400
Local Racing	28,500	\$10.00	\$285,000	70%	30%	\$199,500	\$85,500
Monster Truck/Thrill Show *	34,200	\$12.00	\$410,400	70%	30%	\$287,280	\$123,120
Car Show	3,325	\$5.00	\$16,625	70%	30%	\$11,638	\$4,988
Christmas Show	35,625	\$3.00	\$106,875	70%	30%	\$74,813	\$32,063
BMS Music Event 1 *	23,750	\$18.00	\$427,500	70%	30%	\$299,250	\$128,250
CVC Major Events	71,250	\$15.00	\$1,068,750	70%	30%	\$748,125	\$320,625
CVC Corporate Rentals	45,000	\$25.00	\$1,125,000	70%	30%	\$787,500	\$337,500
BMS Corporate Rentals	56,000	\$25.00	\$1,400,000	70%	30%	\$980,000	\$420,000
TOTAL	412,125	\$17.05	\$7,024,675			\$4,917,273	\$2,107,403

CSL Estimate of Metro Share

BMS Share of F&B Revenues	\$2,107,403
Less Significant Weekends	-\$766,508
Net Other Weekends	\$1,340,895
Metro Share - 15%	\$201,134

Comparison to BMS Projections

BMS Estimate of Metro Share	\$312,617
CSL Estimate of Metro Share	\$201,134
Difference	(\$111,482)

NON-CUP YEARS

	Total Turnstile Attendance	F&B Per Capita Spending	Gross F&B Revenue	Share Percentage		Share Amount	
				F&B Provider	BMS	F&B Provider	BMS
NASCAR Xfinity Race *	19,713	\$20.00	\$394,250	70%	30%	\$275,975	\$118,275
NASCAR Truck *	14,963	\$15.00	\$224,438	70%	30%	\$157,106	\$67,331
All American 400	19,950	\$12.00	\$239,400	70%	30%	\$167,580	\$71,820
Regional Racing	19,000	\$12.00	\$228,000	70%	30%	\$159,600	\$68,400
Local Racing	28,500	\$10.00	\$285,000	70%	30%	\$199,500	\$85,500
Monster Truck/Thrill Show *	34,200	\$12.00	\$410,400	70%	30%	\$287,280	\$123,120
Car Show	3,325	\$5.00	\$16,625	70%	30%	\$11,638	\$4,988
Christmas Show	35,625	\$3.00	\$106,875	70%	30%	\$74,813	\$32,063
BMS Music Event 1 *	23,750	\$18.00	\$427,500	70%	30%	\$299,250	\$128,250
BMS Music Event 2 *	11,875	\$18.00	\$213,750	70%	30%	\$149,625	\$64,125
CVC Major Events	71,250	\$15.00	\$1,068,750	70%	30%	\$748,125	\$320,625
CVC Corporate Rentals	45,000	\$25.00	\$1,125,000	70%	30%	\$787,500	\$337,500
BMS Corporate Rentals	56,000	\$25.00	\$1,400,000	70%	30%	\$980,000	\$420,000
TOTAL	383,150	\$16.03	\$6,139,988			\$4,297,991	\$1,841,996

CSL Estimate of Metro Share

BMS Share of F&B Revenues	\$1,841,996
Less Significant Weekends	-\$501,101
Net Other Weekends	\$1,340,895
Metro Share - 15%	\$201,134

Comparison to BMS Projections

BMS Estimate of Metro Share	\$312,617
CSL Estimate of Metro Share	\$201,134
Difference	(\$111,482)

* Significant Weekend
Note: State in 2024 dollars.
Source: CSL

As shown in the previous table, it is estimated by CSL that Metro will receive \$201,134 in food and beverage revenue sharing associated with “Other Weeks”. This is less than the revenues projected by BMS by \$312,617.

Gross Revenue Sharing

Based on envisioned public-private partnership agreement, BMS will pay Metro five (5) percent of Fairgrounds Speedway gross revenues for all “Other Weeks” other than the four (4) Significant Event Weeks.

The table on the right summarizes Metro’s share of gross revenues from “Other Weeks” as estimated by CSL. Specifically, it is estimated that Metro would receive \$609,385 in gross revenue sharing. This is more than the BMS’ projection of gross revenues shared with Metro from “Other Weeks”. BMS projected this amount to be \$377,803 for Cup years and non-Cup years.

GROSS REVENUE SHARING CSL Estimates		
	Cup Years	Non-Cup Years
Ticket Sales	\$14,076,250	\$10,461,250
Food & Beverage Sales	\$7,024,675	\$6,139,988
Parking Sales	\$2,643,583	\$2,139,688
Other Sales (1)	\$1,750,000	\$900,000
TOTAL GROSS REVENUES	\$25,494,508	\$19,640,925
LESS: SIGNIFICANT WEEKS	\$13,306,817	\$7,453,233
GROSS REVENUE FROM OTHER WEEKS	\$12,187,692	\$12,187,692
Metro Share - Percentage	5.0%	5.0%
METRO SHARE OF GROSS REVENUES	\$609,385	\$609,385
Comparison to BMS Projections		
BMS Estimate of Metro Share	\$377,803	\$377,803
CSL Estimate of Metro Share	\$609,385	\$609,385
Difference	\$231,582	\$231,582
<small>(1) Includes camping, merchandising, hospitality and other miscellaneous taxable revenues. Source: CSL.</small>		

Summary of Projected Fluctuating Revenues

The table on the following page presents a summary comparison of both BMS and CSL estimates of fluctuating revenues that are expected to be generated to Metro to meet bond payments and other project costs. Fluctuating revenues include ticket taxes, sales taxes, sponsorship and advertising sharing, food and beverage sharing and general revenue sharing.

As shown in the table, CSL estimates of fluctuating revenues are estimated to be \$4.6M in 2024 (year 1), increasing to \$5.6 million by year 2053 (year 30). In comparison, BMS projects fluctuating revenues to be \$5.6 million in 2024 and \$4.9 million in 2053.

COMPARISON OF PROJECTED FLUCTUATING REVENUES AVAILABLE FOR FINANCING BMS Projections vs. CSL Projections													
Year	Ticket Tax		Sales Tax		Advertising & Sponsorship Share		Food & Beverage Share		Gross Revenue Share		TOTAL		
	BMS Estimate	CSL Estimate	BMS Estimate	CSL Estimate	BMS Estimate	CSL Estimate	BMS Estimate	CSL Estimate	BMS Estimate	CSL Estimate	BMS Estimate	CSL Estimate	
2024	\$1,553,900	\$1,142,375	\$2,645,872	\$1,975,824	\$690,000	\$690,000	\$0	\$312,617	\$201,134	\$377,803	\$609,385	\$5,580,192	\$4,618,718
2025	\$1,408,900	\$1,020,375	\$2,138,066	\$1,522,172	\$690,000	\$693,000	\$3,000	\$312,617	\$201,134	\$377,803	\$609,385	\$4,927,386	\$4,046,066
2026	\$1,553,900	\$1,156,126	\$2,645,872	\$2,015,341	\$690,000	\$696,060	\$6,060	\$315,743	\$205,157	\$377,803	\$634,004	\$5,583,318	\$4,706,688
2027	\$1,408,900	\$1,034,126	\$2,138,066	\$1,552,615	\$690,000	\$699,181	\$9,181	\$315,743	\$209,260	\$377,803	\$634,004	\$4,930,512	\$4,129,186
2028	\$1,553,900	\$1,170,433	\$2,645,872	\$2,055,648	\$690,000	\$702,365	\$12,365	\$318,901	\$213,445	\$377,803	\$659,617	\$5,586,476	\$4,801,508
2029	\$1,408,900	\$1,048,433	\$2,138,066	\$1,583,667	\$690,000	\$705,612	\$15,612	\$318,901	\$217,714	\$377,803	\$659,617	\$4,933,670	\$4,215,044
2030	\$1,553,900	\$1,185,318	\$2,645,872	\$2,096,761	\$690,000	\$708,924	\$18,924	\$322,090	\$222,068	\$377,803	\$686,266	\$5,589,665	\$4,899,337
2031	\$1,408,900	\$1,063,318	\$2,138,066	\$1,615,341	\$690,000	\$712,303	\$22,303	\$322,090	\$226,510	\$377,803	\$686,266	\$4,936,859	\$4,303,737
2032	\$1,553,900	\$1,198,787	\$2,645,872	\$2,138,696	\$690,000	\$715,749	\$25,749	\$325,311	\$231,040	\$377,803	\$713,991	\$5,592,886	\$4,998,263
2033	\$1,408,900	\$1,076,787	\$2,138,066	\$1,647,648	\$690,000	\$719,264	\$29,264	\$325,311	\$235,661	\$377,803	\$713,991	\$4,940,080	\$4,393,351
2034	\$1,553,900	\$1,211,586	\$2,645,872	\$2,181,470	\$690,000	\$722,849	\$32,849	\$328,564	\$240,374	\$377,803	\$742,836	\$5,596,139	\$5,099,115
2035	\$1,408,900	\$1,089,586	\$2,138,066	\$1,680,601	\$690,000	\$726,506	\$36,506	\$328,564	\$245,182	\$377,803	\$742,836	\$4,943,333	\$4,484,710
2036	\$1,553,900	\$1,224,901	\$2,645,872	\$2,225,099	\$690,000	\$730,236	\$40,236	\$331,849	\$250,085	\$377,803	\$772,847	\$5,599,424	\$5,203,168
2037	\$1,408,900	\$1,102,901	\$2,138,066	\$1,714,213	\$690,000	\$734,041	\$44,041	\$331,849	\$255,087	\$377,803	\$772,847	\$4,946,618	\$4,579,088
2038	\$1,553,900	\$1,238,754	\$2,645,872	\$2,269,601	\$690,000	\$737,922	\$47,922	\$335,168	\$260,189	\$377,803	\$804,070	\$5,602,743	\$5,310,536
2039	\$1,408,900	\$1,299,118	\$2,138,066	\$1,748,497	\$690,000	\$741,880	\$51,880	\$335,168	\$265,392	\$377,803	\$804,070	\$4,949,937	\$4,858,957
2040	\$1,553,900	\$1,469,762	\$2,645,872	\$2,314,993	\$690,000	\$745,918	\$55,918	\$338,519	\$270,700	\$377,803	\$836,554	\$5,606,094	\$5,637,928
2041	\$1,408,900	\$1,317,262	\$2,138,066	\$1,783,467	\$690,000	\$750,036	\$60,036	\$338,519	\$276,114	\$377,803	\$836,554	\$4,953,288	\$4,963,434
2042	\$1,553,900	\$1,488,639	\$2,645,872	\$2,361,293	\$690,000	\$754,237	\$64,237	\$341,905	\$281,637	\$377,803	\$870,351	\$5,609,480	\$5,756,157
2043	\$1,408,900	\$1,336,139	\$2,138,066	\$1,819,136	\$690,000	\$758,522	\$68,522	\$341,905	\$287,269	\$377,803	\$870,351	\$4,956,674	\$5,071,418
2044	\$1,553,900	\$1,504,263	\$2,645,872	\$2,408,519	\$690,000	\$762,892	\$72,892	\$345,324	\$293,015	\$377,803	\$905,513	\$5,612,899	\$5,874,202
2045	\$1,408,900	\$1,351,763	\$2,138,066	\$1,855,519	\$690,000	\$767,350	\$77,350	\$345,324	\$298,875	\$377,803	\$905,513	\$4,960,093	\$5,179,020
2046	\$1,553,900	\$1,520,494	\$2,645,872	\$2,456,689	\$690,000	\$771,897	\$81,897	\$348,777	\$304,852	\$377,803	\$942,096	\$5,616,352	\$5,996,029
2047	\$1,408,900	\$1,367,994	\$2,138,066	\$1,892,629	\$690,000	\$776,535	\$86,535	\$348,777	\$310,949	\$377,803	\$942,096	\$4,963,546	\$5,290,204
2048	\$1,553,900	\$1,537,381	\$2,645,872	\$2,505,823	\$690,000	\$781,266	\$91,266	\$352,265	\$317,168	\$377,803	\$980,157	\$5,619,840	\$6,121,795
2049	\$1,408,900	\$1,384,881	\$2,138,066	\$1,930,482	\$690,000	\$786,091	\$96,091	\$352,265	\$323,512	\$377,803	\$980,157	\$4,967,034	\$5,405,123
2050	\$1,553,900	\$1,554,191	\$2,645,872	\$2,555,940	\$690,000	\$791,013	\$101,013	\$355,787	\$329,982	\$377,803	\$1,019,755	\$5,623,362	\$6,250,880
2051	\$1,408,900	\$1,401,691	\$2,138,066	\$1,969,091	\$690,000	\$796,033	\$106,033	\$355,787	\$336,582	\$377,803	\$1,019,755	\$4,970,556	\$5,523,152
2052	\$1,553,900	\$1,564,864	\$2,645,872	\$2,607,058	\$690,000	\$801,154	\$111,154	\$359,345	\$343,313	\$377,803	\$1,060,953	\$5,626,920	\$6,377,343
2053	\$1,408,900	\$1,412,364	\$2,138,066	\$2,008,473	\$690,000	\$806,377	\$116,377	\$359,345	\$350,180	\$377,803	\$1,060,953	\$4,974,114	\$5,638,347
TOTAL	\$44,442,000	\$38,474,612	\$71,759,070	\$60,492,305	\$20,700,000	\$22,285,212	\$1,585,212	\$10,064,326	\$8,003,581	\$11,334,090	\$24,476,794	\$158,299,486	\$153,732,504
Source: Metro and CSL.													
Note: CSL revenues used represent a conservative estimate of revenues available to the County for the purpose of this analysis.													

Source: Metro and CSL.

Note: CSL revenue and expenses estimates escalate at an assumed rate of 2.0% annually to account for inflation.

Over the 30-year period, CSL projects less fluctuating revenue than BMS in the first 16 years of the projected 30 years. In the later years of the projection period, CSL projects higher fluctuating revenues than BMS based on an assumed inflationary or cost of living adjustments in various pricing assumptions related to ticket, food and beverage, merchandise and parking charges as well as sponsorship revenues. Good business planning would allow for adjustments in prices to accommodate increasing business expenses.

COMPARISON OF PROJECT COSTS AND REVENUES

The table on page 38 compares the annual costs of the Fairgrounds Speedway project to the CSL projected revenue sources available to pay those costs.

As depicted, total projected revenues in the first two years of operations are anticipated to be \$714,484 to \$1.3 million less than project costs. Over the 30-year financing period, the aggregate shortfall in meeting project cost is estimated to be \$6.5 million.

Based on these projections, it is likely that Metro would exhaust its debt service reserve funds and require the use of General Funds to meet its financial obligations.

Should BMS meet its own projected revenues, the revenues available to meet project cost payments would be sufficient in years in which a Cup race is hosted and insufficient in years in which there is not Cup race (as shown on page 38). Under either case, the debt coverage ratio is generally between 0.95 and 1.05 which is not sufficient coverage to adequately ensure Metro will not need to use General Funds to meet its obligations. An appropriate amount of debt coverage will depend on the financing institution's requirements, but realistic financial projections likely need to demonstrate a minimum debt coverage of 1.5 or more to provide a higher degree of confidence that general funds would not be required to meet Fairground Speedway financial obligations.

DEBT SERVICE & FAIR BOARD MAKE-GOOD REPAYMENT SCHEDULE
CSL Revenue Estimates

Year	Annual Payments				Scheduled Payments			Fluctuating Revenue						Total		
	Debt Service Payment	Fair Board Make-Good Payment	Replacement Reserve	Total Payments	BMS Rent	CVB Payment	Total Scheduled Payments	5% Gross Revenue Share	Food & Beverage Revenue	Advertising & Sponsor Revenue	Ticket Tax Revenue	Sales Tax Revenue	Total Fluctuating Payments	Total Revenues Available For Project	Excess (Deficient) Revenues	Coverage Ratio
2024	\$6,326,903	\$275,000	\$581,300	\$7,183,203	\$850,000	\$1,000,000	\$1,850,000	\$609,385	\$201,134	\$690,000	\$1,142,375	\$1,975,824	\$4,618,718	\$6,468,718	(\$714,484)	0.90
2025	\$6,326,903	\$280,500	\$592,926	\$7,200,329	\$858,500	\$1,010,000	\$1,868,500	\$609,385	\$201,134	\$693,000	\$1,020,375	\$1,522,172	\$4,046,066	\$5,914,566	(\$1,285,763)	0.82
2026	\$6,326,903	\$286,110	\$604,785	\$7,217,797	\$867,085	\$1,020,100	\$1,887,185	\$634,004	\$205,157	\$696,060	\$1,156,126	\$2,015,341	\$4,706,688	\$6,593,873	(\$623,924)	0.91
2027	\$6,326,903	\$291,832	\$616,880	\$7,235,615	\$875,756	\$1,030,301	\$1,906,057	\$634,004	\$209,260	\$699,181	\$1,034,126	\$1,552,615	\$4,129,186	\$6,035,243	(\$1,200,372)	0.83
2028	\$6,326,903	\$297,669	\$629,218	\$7,253,789	\$884,513	\$1,040,604	\$1,925,117	\$659,617	\$213,445	\$702,365	\$1,170,433	\$2,055,648	\$4,801,508	\$6,726,626	(\$527,164)	0.93
2029	\$6,326,903	\$303,622	\$641,802	\$7,272,327	\$893,359	\$1,051,010	\$1,944,369	\$659,617	\$217,714	\$705,612	\$1,048,433	\$1,583,667	\$4,215,044	\$6,159,413	(\$1,112,914)	0.85
2030	\$6,326,903	\$309,695	\$654,638	\$7,291,235	\$902,292	\$1,061,520	\$1,963,812	\$686,266	\$222,068	\$708,924	\$1,185,318	\$2,096,761	\$4,899,337	\$6,863,149	(\$428,086)	0.94
2031	\$6,326,903	\$315,889	\$667,731	\$7,310,522	\$911,315	\$1,072,135	\$1,983,450	\$686,266	\$226,516	\$712,303	\$1,063,318	\$1,615,341	\$4,303,737	\$7,287,187	(\$1,023,335)	0.86
2032	\$6,326,903	\$322,206	\$681,086	\$7,330,195	\$920,428	\$1,082,857	\$2,003,285	\$713,991	\$231,040	\$715,749	\$1,198,787	\$2,138,696	\$4,998,263	\$7,001,548	(\$328,646)	0.96
2033	\$6,326,903	\$328,650	\$694,707	\$7,350,260	\$929,632	\$1,093,685	\$2,023,318	\$713,991	\$235,661	\$719,264	\$1,076,787	\$1,647,648	\$4,393,351	\$6,416,669	(\$933,592)	0.87
2034	\$6,326,903	\$335,223	\$708,601	\$7,370,727	\$938,929	\$1,104,622	\$2,043,551	\$742,836	\$240,374	\$722,849	\$1,211,586	\$2,181,470	\$5,099,115	\$7,142,666	(\$228,062)	0.97
2035	\$6,326,903	\$341,928	\$722,773	\$7,391,604	\$948,318	\$1,115,668	\$2,063,986	\$742,836	\$245,182	\$726,506	\$1,089,586	\$1,680,601	\$4,484,710	\$6,548,697	(\$842,907)	0.89
2036	\$6,326,903	\$348,766	\$737,229	\$7,412,898	\$957,801	\$1,126,825	\$2,084,626	\$772,847	\$250,085	\$730,236	\$1,224,901	\$2,225,099	\$5,203,168	\$7,287,795	(\$125,103)	0.98
2037	\$6,326,903	\$355,742	\$751,974	\$7,434,618	\$967,379	\$1,138,093	\$2,105,473	\$772,847	\$255,087	\$734,041	\$1,102,901	\$1,714,213	\$4,579,088	\$6,684,561	(\$750,057)	0.90
2038	\$6,326,903	\$362,857	\$767,013	\$7,456,772	\$977,053	\$1,149,474	\$2,126,527	\$804,070	\$260,189	\$737,922	\$1,238,754	\$2,269,601	\$5,310,536	\$7,437,063	(\$19,709)	1.00
2039	\$6,326,903	\$370,114	\$782,353	\$7,479,370	\$986,824	\$1,160,969	\$2,147,793	\$804,070	\$265,392	\$741,880	\$1,299,118	\$1,748,497	\$4,858,957	\$7,006,750	(\$472,620)	0.94
2040	\$6,326,903	\$377,516	\$798,000	\$7,502,419	\$996,692	\$1,172,579	\$2,169,270	\$836,554	\$270,700	\$745,918	\$1,469,762	\$2,314,993	\$5,637,928	\$7,807,198	\$304,779	1.04
2041	\$6,326,903	\$385,066	\$813,960	\$7,525,929	\$1,006,659	\$1,184,304	\$2,190,963	\$836,554	\$276,114	\$750,036	\$1,317,262	\$1,783,467	\$4,963,434	\$7,154,397	(\$371,533)	0.95
2042	\$6,326,903	\$392,768	\$830,240	\$7,549,910	\$1,016,725	\$1,196,147	\$2,212,873	\$870,351	\$281,637	\$754,237	\$1,488,639	\$2,361,293	\$5,756,157	\$7,969,030	\$419,120	1.06
2043	\$6,326,903	\$400,623	\$846,844	\$7,574,370	\$1,026,893	\$1,208,109	\$2,235,002	\$870,351	\$287,269	\$758,522	\$1,336,139	\$1,819,136	\$5,071,418	\$7,306,419	(\$267,951)	0.96
2044	\$6,326,903	\$408,636	\$863,781	\$7,599,319	\$1,037,162	\$1,220,190	\$2,257,352	\$905,513	\$293,015	\$762,892	\$1,504,263	\$2,408,519	\$5,874,202	\$8,131,554	\$332,234	1.07
2045	\$6,326,903	\$416,808	\$881,057	\$7,624,768	\$1,047,533	\$1,232,392	\$2,279,925	\$905,513	\$298,875	\$767,350	\$1,351,763	\$1,855,519	\$5,179,020	\$7,458,945	(\$165,822)	0.98
2046	\$6,326,903	\$425,144	\$898,678	\$7,650,725	\$1,058,008	\$1,244,716	\$2,302,724	\$942,096	\$304,852	\$771,897	\$1,520,494	\$2,456,689	\$5,996,029	\$8,298,753	\$648,028	1.08
2047	\$6,326,903	\$433,647	\$916,652	\$7,677,201	\$1,068,589	\$1,257,163	\$2,325,752	\$942,096	\$310,949	\$776,535	\$1,367,994	\$1,892,629	\$5,290,204	\$7,615,956	(\$61,246)	0.99
2048	\$6,326,903	\$442,320	\$934,985	\$7,704,207	\$1,079,274	\$1,269,735	\$2,349,009	\$980,157	\$317,168	\$781,266	\$1,537,381	\$2,505,823	\$6,121,795	\$8,470,804	\$766,597	1.10
2049	\$6,326,903	\$451,167	\$953,684	\$7,731,753	\$1,090,067	\$1,282,432	\$2,372,499	\$980,157	\$323,512	\$786,091	\$1,384,881	\$1,930,482	\$5,405,123	\$7,777,622	\$45,868	1.01
2050	\$6,326,903	\$460,190	\$972,758	\$7,759,851	\$1,100,968	\$1,295,256	\$2,396,224	\$1,019,755	\$329,982	\$791,013	\$1,554,191	\$2,555,940	\$6,250,880	\$8,647,105	\$887,254	1.11
2051	\$6,326,903	\$469,394	\$992,213	\$7,788,509	\$1,111,978	\$1,308,209	\$2,420,186	\$1,019,755	\$336,582	\$796,033	\$1,401,691	\$1,969,091	\$5,523,152	\$7,943,339	\$154,829	1.02
2052	\$6,326,903	\$478,782	\$1,012,057	\$7,817,742	\$1,123,097	\$1,321,291	\$2,444,388	\$1,060,953	\$343,313	\$801,154	\$1,564,864	\$2,607,058	\$6,377,343	\$8,821,731	\$1,003,989	1.13
2053	\$6,326,903	\$488,357	\$1,032,299	\$7,847,558	\$1,134,328	\$1,334,504	\$2,468,832	\$1,060,953	\$350,180	\$806,377	\$1,412,362	\$2,008,473	\$5,638,347	\$8,107,179	\$259,621	1.03
TOTAL	\$189,807,077	\$11,156,222	\$23,582,224	\$224,545,524	\$29,567,158	\$34,784,892	\$64,352,049	\$24,476,794	\$8,003,581	\$22,285,212	\$38,474,612	\$60,492,305	\$153,732,504	\$218,084,553	(\$6,460,970)	--
NPV	\$97,260,000	\$5,324,841	\$11,255,746	\$113,840,588	\$14,622,936	\$17,203,454	\$31,826,390	\$11,685,544	\$3,821,966	\$11,205,582	\$18,797,840	\$30,021,029	\$75,531,962	\$107,358,352	(\$6,482,236)	--

Source: CSI estimates. Debt payment amount provided by Metro.

DEBT SERVICE & FAIR BOARD MAKE-GOOD REPAYMENT SCHEDULE
BMS Revenue Estimates

Year	Annual Payments				Scheduled Payments			Fluctuating Revenue					Total			
	Debt Service Payment	Fair Board Make-Good Payment	Replacement Reserve	Total Payments	BMS Rent	CVB Payment	Total Scheduled Payments	5% Gross Revenue Share	Food & Beverage Revenue	Advertising & Sponsor Revenue	Ticket Tax Revenue	Sales Tax Revenue	Total Fluctuating Payments	Total Revenues Available For Project	Excess (Deficient) Revenues	Coverage Ratio
2024	\$6,326,903	\$275,000	\$581,300	\$7,183,203	\$850,000	\$1,000,000	\$1,850,000	\$377,803	\$312,617	\$690,000	\$1,553,900	\$2,645,872	\$5,580,192	\$7,430,192	\$246,989	1.03
2025	\$6,326,903	\$280,500	\$592,926	\$7,200,329	\$858,500	\$1,010,000	\$1,868,500	\$377,803	\$312,617	\$690,000	\$1,408,900	\$2,138,066	\$4,927,386	\$6,795,886	(\$404,443)	0.94
2026	\$6,326,903	\$286,110	\$604,785	\$7,217,797	\$867,085	\$1,020,100	\$1,887,185	\$377,803	\$315,743	\$690,000	\$1,553,900	\$2,645,872	\$5,583,318	\$7,470,503	\$252,706	1.04
2027	\$6,326,903	\$291,832	\$616,880	\$7,235,615	\$875,756	\$1,030,301	\$1,906,057	\$377,803	\$315,743	\$690,000	\$1,408,900	\$2,138,066	\$4,930,512	\$6,836,569	(\$399,046)	0.94
2028	\$6,326,903	\$297,669	\$629,218	\$7,253,789	\$884,513	\$1,040,604	\$1,925,117	\$377,803	\$318,901	\$690,000	\$1,553,900	\$2,645,872	\$5,586,476	\$7,511,593	\$257,804	1.04
2029	\$6,326,903	\$303,622	\$641,802	\$7,272,327	\$893,359	\$1,051,010	\$1,944,369	\$377,803	\$318,901	\$690,000	\$1,408,900	\$2,138,066	\$4,933,670	\$6,878,038	(\$394,289)	0.95
2030	\$6,326,903	\$309,695	\$654,638	\$7,291,235	\$902,292	\$1,061,520	\$1,963,812	\$377,803	\$322,090	\$690,000	\$1,553,900	\$2,645,872	\$5,589,665	\$7,553,477	\$262,241	1.04
2031	\$6,326,903	\$315,889	\$667,731	\$7,310,522	\$911,315	\$1,072,135	\$1,983,450	\$377,803	\$322,090	\$690,000	\$1,408,900	\$2,138,066	\$4,936,859	\$6,920,309	(\$390,213)	0.95
2032	\$6,326,903	\$322,206	\$681,086	\$7,330,195	\$920,428	\$1,082,857	\$2,003,285	\$377,803	\$325,311	\$690,000	\$1,553,900	\$2,645,872	\$5,592,886	\$7,596,170	\$265,976	1.04
2033	\$6,326,903	\$328,650	\$694,707	\$7,350,260	\$929,632	\$1,093,685	\$2,023,318	\$377,803	\$325,311	\$690,000	\$1,408,900	\$2,138,066	\$4,940,080	\$6,963,397	(\$386,863)	0.95
2034	\$6,326,903	\$335,223	\$708,601	\$7,370,727	\$938,929	\$1,104,622	\$2,043,551	\$377,803	\$328,564	\$690,000	\$1,553,900	\$2,645,872	\$5,596,139	\$7,639,690	\$268,962	1.04
2035	\$6,326,903	\$341,928	\$722,773	\$7,391,604	\$948,318	\$1,115,668	\$2,063,986	\$377,803	\$328,564	\$690,000	\$1,408,900	\$2,138,066	\$4,943,333	\$7,007,319	(\$384,285)	0.95
2036	\$6,326,903	\$348,766	\$737,229	\$7,412,898	\$957,801	\$1,126,825	\$2,084,626	\$377,803	\$331,849	\$690,000	\$1,553,900	\$2,645,872	\$5,599,424	\$7,684,051	\$271,153	1.04
2037	\$6,326,903	\$355,742	\$751,974	\$7,434,618	\$967,379	\$1,138,093	\$2,105,473	\$377,803	\$331,849	\$690,000	\$1,408,900	\$2,138,066	\$4,946,618	\$7,052,091	(\$382,527)	0.95
2038	\$6,326,903	\$362,857	\$767,013	\$7,456,772	\$977,053	\$1,149,474	\$2,126,527	\$377,803	\$335,168	\$690,000	\$1,553,900	\$2,645,872	\$5,602,743	\$7,729,270	\$272,498	1.04
2039	\$6,326,903	\$370,114	\$782,353	\$7,479,370	\$986,824	\$1,160,969	\$2,147,793	\$377,803	\$335,168	\$690,000	\$1,408,900	\$2,138,066	\$4,949,937	\$7,097,729	(\$381,640)	0.95
2040	\$6,326,903	\$377,516	\$798,000	\$7,502,419	\$996,692	\$1,172,579	\$2,169,270	\$377,803	\$338,519	\$690,000	\$1,553,900	\$2,645,872	\$5,606,094	\$7,775,365	\$272,946	1.04
2041	\$6,326,903	\$385,066	\$813,960	\$7,525,929	\$1,006,629	\$1,184,304	\$2,190,963	\$377,803	\$338,519	\$690,000	\$1,408,900	\$2,138,066	\$4,953,288	\$7,144,252	(\$381,678)	0.95
2042	\$6,326,903	\$392,768	\$830,240	\$7,549,910	\$1,016,725	\$1,196,147	\$2,212,873	\$377,803	\$341,905	\$690,000	\$1,553,900	\$2,645,872	\$5,609,480	\$7,822,352	\$272,443	1.04
2043	\$6,326,903	\$400,623	\$846,844	\$7,574,370	\$1,026,893	\$1,208,109	\$2,235,002	\$377,803	\$341,905	\$690,000	\$1,408,900	\$2,138,066	\$4,956,674	\$7,191,675	(\$382,695)	0.95
2044	\$6,326,903	\$408,636	\$863,781	\$7,599,319	\$1,037,162	\$1,220,190	\$2,257,352	\$377,803	\$345,324	\$690,000	\$1,553,900	\$2,645,872	\$5,612,899	\$7,870,250	\$270,931	1.04
2045	\$6,326,903	\$416,808	\$881,057	\$7,624,768	\$1,047,533	\$1,232,392	\$2,279,925	\$377,803	\$345,324	\$690,000	\$1,408,900	\$2,138,066	\$4,960,093	\$7,240,018	(\$384,750)	0.95
2046	\$6,326,903	\$425,144	\$898,678	\$7,650,725	\$1,058,008	\$1,244,716	\$2,302,724	\$377,803	\$348,777	\$690,000	\$1,553,900	\$2,645,872	\$5,616,352	\$7,919,076	\$268,351	1.04
2047	\$6,326,903	\$433,647	\$916,652	\$7,677,201	\$1,068,589	\$1,257,163	\$2,325,752	\$377,803	\$348,777	\$690,000	\$1,408,900	\$2,138,066	\$4,963,546	\$7,289,297	(\$387,904)	0.95
2048	\$6,326,903	\$442,320	\$934,985	\$7,704,207	\$1,079,274	\$1,269,735	\$2,349,009	\$377,803	\$352,265	\$690,000	\$1,553,900	\$2,645,872	\$5,619,840	\$7,968,849	\$264,641	1.03
2049	\$6,326,903	\$451,167	\$953,684	\$7,731,753	\$1,090,067	\$1,282,432	\$2,372,499	\$377,803	\$352,265	\$690,000	\$1,408,900	\$2,138,066	\$4,967,034	\$7,339,533	(\$392,221)	0.95
2050	\$6,326,903	\$460,190	\$972,758	\$7,759,851	\$1,100,968	\$1,295,256	\$2,396,224	\$377,803	\$355,787	\$690,000	\$1,553,900	\$2,645,872	\$5,623,362	\$8,019,586	\$259,736	1.03
2051	\$6,326,903	\$469,394	\$992,213	\$7,788,509	\$1,111,978	\$1,308,209	\$2,420,186	\$377,803	\$355,787	\$690,000	\$1,408,900	\$2,138,066	\$4,970,556	\$7,390,743	(\$397,767)	0.95
2052	\$6,326,903	\$478,782	\$1,012,057	\$7,817,742	\$1,123,097	\$1,321,291	\$2,444,388	\$377,803	\$359,345	\$690,000	\$1,553,900	\$2,645,872	\$5,626,920	\$8,071,308	\$253,567	1.03
2053	\$6,326,903	\$488,357	\$1,032,299	\$7,847,558	\$1,134,328	\$1,334,504	\$2,468,832	\$377,803	\$359,345	\$690,000	\$1,408,900	\$2,138,066	\$4,974,114	\$7,442,946	(\$404,612)	0.95
TOTAL	\$189,807,077	\$11,156,222	\$23,582,224	\$224,545,524	\$29,567,158	\$34,784,892	\$64,352,049	\$11,334,090	\$10,064,326	\$20,700,000	\$44,442,000	\$71,759,070	\$158,299,486	\$222,651,536	(\$1,893,988)	-
NPV	\$97,260,000	\$5,324,841	\$11,255,746	\$113,840,588	\$14,622,936	\$17,203,454	\$31,826,390	\$5,807,758	\$5,067,183	\$10,606,991	\$22,799,932	\$36,865,624	\$81,147,488	\$112,973,878	(\$866,709)	-

Source: BMS revenue estimates. Debt payment amount provided by Metro. Fair Board make-good payments and replacement reserve funding estimated by CSL.

RISK FACTORS

It is the stated goal of the Mayor's office to avoid using Metro General Funds to pay for Fairgrounds Speedway renovations. As with any project that is intended to be self-funded through the revenues it generates, the financing of the Fairgrounds Speedway is not without risk of requiring the use of Metro General Funds to make bond payments or other project costs.

The following are potential risk factors that should be considered by Metro Council in the evaluation of a potential financing for capital improvements to the Fairgrounds Speedway. It should be noted that the risk factors identified herein are not inclusive of all risks.

1. Coverage Ratios – It is the stated goal of the Mayor's office to avoid using Metro General Funds to pay for the costs of the Fairgrounds Speedway project. As with any project that is intended to be self-funded through the revenues it generates, the funding and financing of the Fairgrounds Speedway project is not without risk of requiring the use of Metro General Funds to make bond payments or to fund costs of capital repair and maintenance. The majority of the revenues available to fund project costs are entirely dependent upon activation of and attendance at the Speedway. Metro's finance plan contemplates that any bonds issued to funds renovation costs would be supported by a pledge of a portion of Metro's general fund revenues. Metro should consider whether it is appropriate to require that projected revenues satisfy a debt coverage ratio (the amount of expected annual revenues pledged to debt service divided by annual debt service payment) so that modest fluctuations in project performance and revenues do not put Metro's general fund at risk.

Metro should likewise consider whether it is appropriate to require that projected revenues satisfy a total cost coverage ratio (the amount of expected annual project revenues divided by total project costs) so that modest fluctuations in project performance and revenues do not require Metro to fund capital repairs and maintenance from its general fund.

2. Racing/Event Contracts – NASCAR awards races based on short-term multi-year commitments to tracks and/or companies like BMS/SMI who can manage their awarded dates among the tracks in their portfolio. There is no guarantee that BMS will be able to secure NASCAR Cup, Xfinity or Truck races annually through the 30-year term of the bonds as those races are subject to award by NASCAR. It should be noted that BMS/SMI has had a long-standing relationship with NASCAR and typically has a number of races it secures from NASCAR that it can place among its portfolio of tracks. However, there is no long-term contractual commitment that would guarantee any specified number of NASCAR races for the Fairgrounds Speedway during the term of the public-private partnership.

3. Competition – Competition from other venues can impact the marketability and success of a renovated Fairgrounds Speedway. As described herein, SMI owns eleven other racetracks, including the Nashville Superspeedway in Lebanon, about 30 miles southeast of Nashville. Originally opened in 2001, the 38,000-seat speedway, which was owned by Dover Motorsports, ceased operations in 2011. After a being dormant for nearly a decade except for occasional rentals for movies, testing, etc., the Speedway reopened and hosted a successful NASCAR Cup in 2021. In late 2021, Dover Motorsports was purchased by SMI for a reported \$131.5 million. The transaction results in SMI adding the Nashville Superspeedway and the Dover International Speedway to its portfolio of tracks and providing SMI with access to two additional NASCAR Cup races.

While BMS has asserted its expectation to regularly host NASCAR races at the Fairgrounds Speedway, the proposed agreement does not obligate BMS to host any races at the Fairgrounds Speedway. There is nothing in the proposed agreement to preclude BMS from electing to host NASCAR or other races at one of its eleven other racetracks (including the Nashville Superspeedway), instead of at the Fairgrounds Speedway. Further, should the proposed transaction proceed, SMI and BMS would control two racetracks in adjacent counties, both with the “Nashville” brand. CSL cannot predict whether the active use of both speedways for racing and other events could serve to oversaturate the market with similar events, and thereby impact the attendance levels assumed in the projections set forth herein.

In addition, there are several other additional outdoor venues in the Nashville Metro area that could compete to host certain events such as concerts, monster truck shows and other non-racing events. These venues including but are not limited to the new MLS soccer stadium, Nissan Stadium, Vanderbilt Stadium, First Horizon Park, Ascend Amphitheater and other similar venues.

4. Rainouts / Postponed Races – Due to driver and/or patron safety issues, it is not uncommon for races to be postponed due to rain. Postponements can push a race start time back several hours or even days to allow for safe driving conditions to return. In some cases, rain or inclement weather can force the cancellation of an event altogether. In the event of a cancellation, fluctuating revenue that is dedicated for debt repayment would not be generated from the cancelled event. In the event of a postponement, there is risk that paid and turnstile attendance will be negatively impacted. Reduced attendance will negatively impact the revenues generated and available for debt repayment.

REPORT LIMITING CONDITIONS

The information contained in this report is based on estimates, assumptions, and other information developed from research of the market, knowledge of the events center industry and other factors, including certain information you have provided.

All information provided to us by others was not audited or verified and was assumed to be correct. Because the procedures were limited, we express no opinion or assurances of any kind on the achievability of any projected information contained herein and this report should not be relied upon for that purpose. Furthermore, there will be differences between projected and actual results. This is because events and circumstances frequently do not occur as expected and those differences may be material.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

CONSULTANT BACKGROUND & QUALIFICATIONS

CSL is a leading advisory and planning firm specializing in providing consulting services to the sports, entertainment and leisure industries. CSL was established for the specific purpose of providing a source of focused research and expertise in these industries.

We assist our clients from the earliest stages of project planning, ensuring that all decisions are informed ones. Our consultants provide in-depth information, creative solutions to underlying issues, a thorough analysis of financial implications, and various measurements of risk and return surrounding alternative courses of action. CSL has built its reputation on meeting client needs by delivering quality services that have credibility in the marketplace. Our firm is able to provide these services by drawing upon over 150 years of experience from its professional staff.

CSL brings the experience of many previous engagements to the planning phase of your project. This experience will help you recognize the issues you will be facing and efficiently identify solutions to each. Our experience will also help to ensure that you are maximizing the potential revenues from your development projects. Members of our firm have been providing these services since the mid-1980's and have been involved in over 2,000 sports, entertainment and facility projects.

Locally, CSL has consulted on a variety of sports, entertainment and public assembly venue projects in the Nashville area including but not limited to:

1. Feasibility Study for Renovations to Nissan Stadium (2021);
2. Feasibility Study for a New Major League Baseball Team and Stadium in Nashville (2021);
3. Feasibility Study for Renovations to Vanderbilt Stadium (2021 & 2014);
4. Advisory Services to Nashville SC Ownership Group During Major League Soccer Expansion Application Process (2016-17);
5. Tennessee State Fairgrounds Relocation Analysis (2016);
6. Tennessee State Fairgrounds Phase I Master Plan Analysis (2012-13);
7. Economic Impact Analysis of Tennessee Titans (2002);
8. Feasibility Study and Advisory Services to Nashville Sounds Baseball Club During New Stadium Planning Process (2000);

9. Advisory Services Related to Relocation of Houston Oilers to Nashville (1996-97);

We sincerely appreciate the opportunity to assist you with this project and would be pleased to be of further assistance in the interpretation and application of the study's findings.

Sincerely,

A handwritten signature in cursive script that reads "CSL International".

CSL International